



Carlos Jackson
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

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Zev Yaroslavsky
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Michael D. Antonovich
Commissioners

June 21, 2005

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE DEVELOPMENT AGREEMENT WITH BASSETDALE LLC, TO
DEVELOP AND SELL FORTY-FIVE HOMES IN UNINCORPORATED
AVOCADO HEIGHTS (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of 45 single-family homes at 600 Bassetdale Road (the Site), in unincorporated Avocado Heights.
2. Find that after the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, and required as a condition of project approval, the development of 45 single-family homes at the Site will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; find that the project will have no adverse effect on wildlife resources; and authorize the Executive Director of the Housing Authority to complete and file with the County Clerk a Certificate of Exemption for the project described above.
3. Find that the Environmental Assessment/Mitigated Negative Declaration reflects the independent judgment of the Housing



Authority, and instruct the Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA; and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action, for the project described above.

4. Approve a Disposition and Development Agreement (DDA), presented in substantially final form, between the Housing Authority, and Bassetdale LLC, a California Limited Liability Corporation (Developer), for development of 45 single-family homes on the Site, of which 23 homes will be reserved for qualified moderate-income, first-time homebuyers (Qualified Buyers).
5. Authorize the Executive Director to approve the sale of the site to the Developer, for the appraised price of \$2,500,000, and to execute a Land Acquisition Loan in the same amount, to be evidenced by a Promissory Note and secured by a subordinated Deed of Trust in favor of the Housing Authority, to be repaid from second trust deed loans on the 23 homes reserved for Qualified Buyers.
6. Authorize the Executive Director to execute the DDA, and any additional documents necessary to complete the secondary financing of the homes, to be effective following approval as to form by County Counsel and execution by all parties.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a DDA authorizing the sale of the site, for the purpose of developing 45 new, single-family homes, 23 of which will be reserved for Qualified Buyers.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The builder will obtain a private construction loan of \$12,176,727. Payment of the cost of sales and of Developer equity will be deferred during construction.

The development will have an estimated completed value of \$22,500,000, based on the market price of \$500,000 per home. Sales of the 22 market rate homes will generate revenue of \$11,000,000. Assisted buyers will add another \$5,093,948, through average first mortgages of \$221,476. The remaining value of \$6,406,052, including land and equity, will be secured by average secondary mortgages of \$108,659 and tertiary mortgages of \$169,865 per affordable unit, in favor of the Housing Authority.

Qualified Buyers will execute deferred payment, non-interest bearing promissory notes, which are forgivable at the end of a 30-year term. The entire principal amount, plus a pro rata share of equity appreciation, will become due if there is a sale or transfer of title to the homes prior to the 30-year maturity date. The notes will be secured by second trust deeds recorded in favor of the Housing Authority.

A Financial Analysis is provided as Attachment A.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The site consists of 5.14 acres purchased by the Housing Authority on October 20, 2003, using \$2,500,000 in City of Industry Redevelopment Housing Set-Aside Funds.

The proposed development will consist of 45, 4-bedroom, 2-½ bath homes, ranging in size from 1,550 to 1,867 square-feet. Twenty-three homes will be reserved for sale to moderate-income households with incomes not exceeding 80 percent of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as defined by the U.S. Department of Housing and Urban Development. Twenty-two homes will be sold at market rate, with no income restrictions.

ENVIRONMENTAL DOCUMENTATION:

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Community Development Commission on July 21, 2003. Following the required public and agency comment period, the U.S. Department of Housing and Urban Development issued a Release of Funds for the project on September 20, 2003.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment would be used in place of an Initial Study to satisfy CEQA requirements. The Environmental Assessment/Mitigated Negative Declaration was circulated for public review as required by state and local law, and the Environmental Assessment/Mitigated Negative Declaration, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, and filing a Notice of Determination with the County


Clerk will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Housing Authority is exempt from paying this fee when your Board finds that the project will have no significant impact on wildlife resources. The project is located in an urban setting, and the Environmental Assessment/Mitigated Negative Declaration concludes there will be no adverse effect on wildlife resources.

The environmental review record for this project is available for viewing by the public during regular business hours at the Housing Authority's main office, located at 2 Coral Circle in the City of Monterey Park.

IMPACT ON CURRENT PROJECT:

Approval of the DDA will enable the Developer to complete the development and sale of these homes, which will increase the affordable housing stock in the County.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 5

EXHIBIT A

HOUSING FINANCIAL ANALYSIS 600 Bassetdale Road

The project consists of 45 detached condominiums, to be located at 600 Bassetdale Road, in unincorporated Avocado Heights. Twenty-three units will be sold to households earning up to 80 percent of the median income for the Los Angeles/Long Beach Metropolitan Statistical Area (MSA), adjusted for family size, as determined by the U.S. Department of Housing and Urban Development (HUD). Twenty-two units will be sold at market rate with no income restrictions.

<u>CONSTRUCTION PHASE</u>	<u>TOTAL</u>	<u>PER</u>	<u>UNIT</u>
<u>Uses</u>		Market Rate	Affordable
		22	23
Total Value	\$22,500,000	\$500,000	\$500,000
<u>Sources</u>			
Industry Funds (land)	2,500,000	0	108,695
Private Construction Loan	12,176,727	270,594	270,594
Deferred Equity	6,619,523	202,656	93,961
Cost of Sales	1,203,750	26,750	26,750
Total Value	\$22,500,000	\$500,000	\$500,000
<u>PERMANENT PHASE</u>			
<u>Uses</u>			
Total Value	\$22,500,000	\$500,000	\$500,000
<u>Sources</u>			
Buyer Funds	16,093,948	500,000	221,476
HA 2nd TD Land	2,500,000,	0	108,659
HA 3 rd TD (equity)	3,906,052	0	169,865
Total Value	\$22,500,000	\$500,000	\$500,000

DISPOSITION AND DEVELOPMENT AGREEMENT

INDUSTRY FUND – PROJECT NO. YY1082

BY AND BETWEEN

**THE HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES**

AND

BASSETDALE, LLC

_____, 2005

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DISPOSITION AND DEVELOPMENT AGREEMENT

Industry Program Funds
Industry Fund Project No. YY1082

Transaction Summary

Project Name: Oak Glen
Developer Name: Bassetdale, LLC

☐ Limited Partnership ☒ LLC ☐ Nonprofit Public Benefit Corporation ☐ Other

Jurisdiction of Borrower Entity: California

Total Number of Units in Project: 45 Location (Jurisdiction): Los Angeles County

☐ Incorporated ☒ Unincorporated Total Project Sites Acreage: 5.14

Project Type: Single-Family, For-Sale, Detached

Affordability

Household Income Level	Total units for this income level
Market	22
Lower Income	23
TOTAL	45

Maximum Total Industry Loan Allocation for All Units Combined: \$2,500,000

Maximum Industry Loan Per Assisted Unit: \$108,695

Repayment Terms on Individual Assisted Unit Loans: Secondary Loans due upon sale or transfer of Assisted Units with Shared Appreciation Feature

Other Anticipated Financing Sources for Unit Purchasers / Priority Relative to Industry Loan:

(1)	Senior Construction Loan	\$9,884,335	<input checked="" type="checkbox"/> senior <input type="checkbox"/> junior <input type="checkbox"/> parity
(2)	HACOLA	\$2,500,000	<input type="checkbox"/> senior <input checked="" type="checkbox"/> junior <input type="checkbox"/> parity/NA
(3)			senior <input type="checkbox"/> junior <input type="checkbox"/> parity/NA

The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Disposition and Development Agreement shall control.

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("**Agreement**") is made as of the _____ day of _____, 2005, by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**HACOLA**"), and the developer entity listed in the Transaction Summary above ("**Developer**"). HACOLA and Developer are sometimes referred to collectively herein as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. WHEREAS, Developer intends to undertake the housing development Project described in the Transaction Summary above and in Section 4.1 below. The Project will be developed on a site acquired by HACOLA with City of Industry Redevelopment Set-Aside Funds, which is legally described on Exhibit "B" to this Agreement (the "**Site**"). A detailed Project Description is attached hereto as Exhibit "C" and reduced site plans and elevations for the Project are attached hereto as Exhibit "D". Attached hereto for the convenience of the Parties as Exhibit "A" is a directory indicating the location of definitions for certain defined terms used in this Agreement. In the event of any conflict between the body of this Agreement and Exhibit "A", the body of this Agreement shall prevail and supersede.

B. WHEREAS, upon completion of the Project, Developer intends to sell forty-five (45) Units in the Project. Twenty-three (23) of the Units (the "**Assisted Units**") will be sold only to Qualified Buyers and will be partially financed by HACOLA Secondary Financing Loans to be made by HACOLA pursuant to the terms of this Agreement to benefit both Developer and HACOLA by increasing the marketability of the Project and providing affordable housing opportunities for Lower Income Households as specified herein and in the Transaction Summary above.

C. WHEREAS, HACOLA will convey the site to the Developer in exchange for the Industry Land Acquisition Promissory Note under the terms and conditions set forth in this Agreement.

D. WHEREAS, other sources of financing of the Project, as set forth in the Transaction Summary, are anticipated to include construction financing from a senior construction lender approved by HACOLA (the "**Senior Construction Financing**"). Detailed financing assumptions regarding the Senior Construction Financing are attached hereto as Exhibit "E".

E. WHEREAS, as more particularly described below, Developer will deliver to HACOLA, among other items, the Industry Land Acquisition Promissory Note and the Industry Land Acquisition Deed of Trust to, respectively, evidence and secure repayment of the Industry Land Acquisition Loan and ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

NOW, THEREFORE, the Parties agree as follows:

AGREEMENT

1. INDUSTRY LAND ACQUISITION LOAN

1.1. Industry Land Acquisition Loan. HACOLA agrees, subject to the terms and conditions of this Agreement, to convey the Site to the Developer for the purchase price of Two Million Five Hundred Thousand Dollars (\$2,500,000) (“**Purchase Price**”), and Developer agrees to acquire the Site. Developer shall pay the Purchase Price by delivering an executed Promissory Note, payable to HACOLA, in the original principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (the “**Industry Land Acquisition Loan**”), in the form set forth on Exhibit “F” attached hereto (the “**Industry Land Acquisition Promissory Note**”), and an executed and acknowledged second priority deed of trust securing repayment of the Industry Land Acquisition Promissory Note, in the form attached hereto as “Exhibit G” (the “**Industry Land Acquisition Deed of Trust**”) to Escrow Holder prior to the close of the Escrow. The remaining funds needed to complete the development of the Project of the Site will come from other funds obtained by the Developer as described in Section 3.1.3.

1.2. Repayment. As provided in the Industry Land Acquisition Promissory Note, provided that Developer is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to this Agreement by the date specified in the Schedule of Performance, HACOLA waives interest under the Industry Land Acquisition Promissory Note. If Developer does not complete and sell all of the Assisted Units pursuant to this Agreement by the date specified in the Schedule of Performance, and, subject to the default interest provisions in the Industry Land Acquisition Promissory Note, the disbursed and unpaid principal balance of the Industry Land Acquisition Loan shall accrue interest at the rate of three percent (3%) per annum, simple interest commencing on the date of the close of the Escrow (as defined below), and ending on the date when all sums are paid, as provided herein and in the Industry Land Acquisition Promissory Note. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year. Provided no Event of Default (as set forth in Section 10 below) or other event of acceleration under this Agreement or the Industry Land Acquisition Promissory Note has occurred, Developer shall repay the Industry Land Acquisition Promissory Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of this Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the “**Assisted Unit Repayment Amount**”), which Assisted Unit Repayment Amount shall be paid via a credit to Developer from HACOLA against the outstanding amounts owed under the Industry Land Acquisition Promissory Note upon the recordation of a HACOLA Secondary Financing Deed of Trust against such Assisted Unit; and (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of this Agreement, an amount, in addition to the amounts due under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than HACOLA in excess of the average Permanent Loan (as defined in Section 5.10 below) anticipated to be obtained by the Qualified Buyers as shown on Exhibit “E” attached hereto (the “**Additional Assistance Repayment Amount**”).

1.3 Default. Notwithstanding the payment terms set forth above, upon the occurrence of any Event of Default, the entire outstanding principal balance of the Industry Land Acquisition

Promissory Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of HACOLA and, where required under this Agreement, upon notice to Developer thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Developer. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Developer in connection with this Agreement or the Industry Land Acquisition Loan, in the event of the occurrence of an Event of Default, HACOLA's only recourse under the Industry Land Acquisition Deed of Trust shall be against the Site and the Project, the proceeds thereof, and other income arising from its use and occupancy as provided in the Industry Land Acquisition Deed of Trust, and any other collateral given to HACOLA as security for repayment of the Industry Land Acquisition Loan.

1.4 Prepayment. At any time after the conveyance of the Site, Developer may prepay all or a portion of the unpaid principal amount of the Industry Land Acquisition Note and accrued interest and any other sums outstanding thereunder without penalty. Developer hereby agrees and understands that the prepayment of the Industry Land Acquisition Promissory Note shall not relieve Developer of the duty to comply with the covenants described in Sections 5.1, 6, and 7.4, as well as the indemnities contained in Sections 4.7 and 7.1 and any other indemnities and other obligations surviving the Term of this Agreement, and all such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments or other reductions of outstanding amounts under the Industry Land Acquisition Note, including any prepayments or funds received upon acceleration, shall be applied first toward any outstanding costs of collection or other amounts (excluding loan principal or interest thereon) due under the Industry Land Acquisition Promissory Note or this Agreement, then toward outstanding interest accrued at the "Default Rate" (as defined in the Industry Land Acquisition Promissory Note), if any, then toward any deferred principal, and finally toward the remaining principal balance under the Industry Land Acquisition Promissory Note.

1.5 Absolution Obligation; Use of Funds. The obligation of Developer to repay the outstanding principal balance of the Industry Land Acquisition Promissory Note and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on the Industry Land Acquisition Promissory Note (as well as all other fees, charges and expenses due thereunder) shall have been fully paid, Developer agrees that it: (a) will use the funds disbursed under the Industry Land Acquisition Promissory Note solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Agreement or any document executed hereunder or in connection herewith.

2. LAND ACQUISITION ESCROW

HACOLA and the Developer agree, within the time established in the Schedule of Performance set forth as the attached Exhibit "H" ("**Schedule of Performance**"), to open an escrow (the "**Escrow**") for the conveyance of the Site to Developer with an escrow company approved by HACOLA ("**Escrow Holder**"). This Section 2 and Section 3 of this Agreement constitute the

Disposition and Development Agreement

escrow instructions with respect to the conveyance of the Site to Developer. The Parties shall deliver a fully-executed copy of this Agreement to Escrow Holder upon opening of the Escrow and this Agreement shall be incorporated into and made part of any supplement escrow instructions generated by Escrow Holder provided that such supplementary instructions are consistent with this Agreement; and provided further that in the event of any conflict between such supplementary instructions and the terms of this Agreement, the terms of this Agreement shall prevail. Within five (5) days after opening of the Escrow, the Escrow Holder shall provide written acceptance of the provisions of this Section 2 and Section 3 to HACOLA and Developer. Upon delivery of said written acceptance, Escrow Holder shall be obligated and empowered to act under this Agreement and carry out its duties as such hereunder. Any addition, deletion, or modification of any provision contained in the escrow instructions referenced in this Section 2 or in Section 3 shall be in writing and signed by both HACOLA and the Developer. All communications from the Escrow Holder to HACOLA or the Developer shall be directed to the addresses and sent in the manner set forth in Section 16 of this Agreement for notices, demands, and communications between HACOLA and the Developer. The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Section 2 and under Section 3.

3. CLOSING CONDITIONS; ESCROW INSTRUCTIONS

3.1. Closing Conditions. The obligation of HACOLA to perform all of its obligations under this Agreement, including, without limitation, the conveyance of the Site to Developer and the making of the Industry Land Acquisition Loan and the HACOLA Secondary Financing Loans, shall be expressly subject to satisfaction or waiver by HACOLA of all of the following conditions (collectively, the “**Closing Conditions**”) on or before the date specified in the Schedule of Performance for the close of the Escrow:

3.1.1. Title Insurance

3.1.1.1. Developer’s Title Policy. As a condition to the close of the Escrow, [] (the “**Title Company**”) shall be in a position to issue to the Developer an ALTA standard form policy of title insurance, in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (the “**Developer’s Title Policy**”), insuring that, upon the closing of the Escrow, fee title to the Site is vested in the Developer. The Title Company shall provide HACOLA with a copy of the Developer’s Title Policy.

3.1.1.2. HACOLA Title Policy. Also as a condition to the close of the Escrow, Escrow Holder shall be irrevocably and unconditionally committed to issue to HACOLA, upon recordation of the Industry Land Acquisition Deed of Trust, a lender’s policy of title insurance (the “**HACOLA Title Policy**”), with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as HACOLA may reasonably require, in the amount of the Industry Land Acquisition Loan, insuring HACOLA’s interest as beneficiary under the Industry Land Acquisition Deed of Trust encumbering the Site, and specifically insuring that the lien of the Industry Land Acquisition Deed of Trust against the Site is subject only to the Senior Construction Financing and any exceptions to title applicable to the Site which were shown in a preliminary title report provided to HACOLA by Title Company and approved in writing by HACOLA prior to the closing

of the Escrow (collectively with the Senior Financing, the “**Permitted Senior Encumbrances**”). Developer shall pay all costs associated with the HACOLA Title Policy. Mechanic’s liens shall not be an exception or exclusion from coverage. Standard lender’s title insurance coverage (without the need for a survey) will be accepted by HACOLA unless another Project lender requires extended coverage, in which case an ALTA extended coverage policy shall also be provided to HACOLA.

In the event that the Title Company advises HACOLA, the Developer or the Escrow Holder in writing that it is unwilling or unable to issue the Developer’s Title Policy or the HACOLA Title Policy (as hereinafter defined) by the earlier of the satisfaction of all other Closing Conditions or the date set forth in the Schedule of Performance, then this Agreement may be terminated by either Party hereto by written notice to the other Party and the Escrow Holder in which event neither Party hereto shall have any further obligation to the other hereunder, provided, however, that in no event shall the Developer be permitted to terminate this Agreement pursuant to this Section 3.1.1 without first giving HACOLA thirty (30) days written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to assist in obtaining a new title company to issue said policy or policies. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining a new title company and the Developer’s sole remedy in such event shall be to terminate this Agreement.

3.1.2. Zoning of the Site. As a condition to closing of the Escrow, the Developer, at its sole cost and expense, shall cause the zoning of the Site (including obtaining any conditional use permit, site plan approval, variance, and other permit or approval) to be such as to allow the development, construction, use, operation and maintenance of the Project on the Site in accordance with this Agreement. In the event that the Developer is unsuccessful prior to the date of the close of the Escrow (as set forth in the Schedule of Performance) to cause the zoning of the Site to conform to the zoning necessary to permit the development, construction, use, operation and maintenance of the Project on the Site, this Agreement may be terminated by either Party by written notice to the other Party and Escrow Holder and the Developer and HACOLA shall have no further obligations hereunder. However, in no event shall the Developer terminate this Agreement pursuant to this Section 3.1.2 without first giving HACOLA, thirty (30) days prior written notice of its intent to so terminate this Agreement in order to give HACOLA the opportunity to cause such zoning to so conform. HACOLA shall in no event have any responsibility to the Developer in the event HACOLA is unsuccessful in obtaining any required zone changes or variances for the Site and the Developer’s sole remedy in such event shall be to terminate this Agreement.

3.1.3. Submission of Evidence of Construction Financing and Construction Contract

3.1.3.1. Construction Financing. As specified in the Schedule of Performance, the Developer shall, prior to the close of the Escrow, deliver to HACOLA an irrevocable written commitment (the “**Construction Commitment**”), subject to such standard and reasonable conditions as are customarily imposed on such a commitment by an institutional lender, from a Qualified Financial Institution (as defined below) (the “**Senior Construction Lender**”), by which such Senior Construction Lender agrees to make financing available to the Developer for the development and construction of the Project (the “**Senior Construction Financing**”). The Construction Commitment shall be in an amount not less than \$9,500,000 (or such higher amount as HACOLA may give

Developer written notice of prior to Developer's delivery to HACOLA of a Construction Commitment satisfying the conditions of this Section 3.1.3.1). As used herein, "**Qualified Financial Institution**" means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and which, in the sole opinion of HACOLA, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

The Construction Commitment shall provide that: (i) the documents evidencing the Senior Construction Financing will provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the Project financed or to be financed by the Senior Construction Financing, provided such proceeds are sufficient to so repair the Developer Improvements and not to repay the outstanding balance of the Senior Construction Financing; (ii) the Senior Construction Financing will have a term of at least twelve (12) months, but no longer than the period during which the Developer is obligated under this Agreement and the Schedule of Performance to complete and sell all forty-five (45) Units in the Project; (iii) the Senior Construction Financing shall be consistent with the terms and provisions of this Agreement and, to the extent not inconsistent with this Agreement, the Senior Construction Financing may be subject to the Senior Construction Lender's usual and customary commercial terms and conditions; (iv) the documents evidencing the Senior Construction Financing will provide for a third party disbursement agent, selected by the Senior Construction Lender, that will monitor the progress of the development of the Project, and will control the disbursement of the Senior Construction Financing based on such progress; and (v) the Senior Construction Financing is for the sole purpose of providing funds to develop the Project. The Developer agrees to take all actions, furnish all information, give all consents and pay all sums required to keep the Construction Commitment and Senior Construction Financing in full force and effect and shall comply with all conditions thereof, and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements, and loan documents in connection therewith. The Developer agrees that it shall draw upon and utilize the Senior Construction Financing only for financing the development costs for the Project and shall provide HACOLA with copies of all disbursement requests and other documentation regarding the progress of the development of the Project and the disbursement of funds to the Developer. In the event that HACOLA determines that the Senior Construction Lender, or its third party agent, is unable to effectively monitor the disbursement of the Senior Construction Financing, HACOLA shall give Developer notice of such determination and Developer shall exercise its best efforts to cause the Senior Construction Lender to agree to permit the Senior Construction Financing funds to be transferred to HACOLA or its agent, in which case HACOLA or its agent shall oversee the disbursement of such funds.

The Developer agrees that as a condition to the close of the Escrow it shall obtain written approval by HACOLA of the Construction Commitment for the Senior Construction Financing on or before the date specified in the Schedule of Performance. Such approval of the Construction Commitment for the Senior Construction Financing will not constitute a waiver by HACOLA of any breach or violation of this Agreement by the Developer that is a result of acts that purport to be in compliance with or in furtherance of the Senior Construction Financing.

In the event that the Developer is unsuccessful, by the dates set forth in the Schedule of Performance, in obtaining a Construction Commitment or obtaining approval by HACOLA of any such Construction Commitment obtained, this Agreement may be terminated by either Party hereto by written notice to the other Party, in which event neither Party hereto shall have any further obligations to the other hereunder.

3.1.3.2.Construction Contract. By the deadline specified therefor in the Schedule of Performance, Developer agrees to deliver to HACOLA for its approval a written agreement (the “**Construction Contract**”) for construction of the Project on the Site and any and all work on the Site or in the public right of way in connection therewith. The Construction Contract shall include a construction schedule and a schedule of values (“**Construction Budget**”). The Construction Contract shall obligate a general contractor approved by HACOLA (the “**General Contractor**”), who is insured as required herein, appropriately licensed in California, and experienced in completing the type of work contemplated by this Agreement, to commence and complete the Project and Site work to be constructed on the Site in accordance with this Agreement. The Construction Contract shall be a guaranteed maximum cost contract assuring completion of the Project for a fixed price, subject to such reasonable adjustments as are customarily allowed with respect to such contracts for authorized change orders or other like matters (it being further provided in the Construction Contract that all change orders shall be made in accordance with the Basic Design Concept, shall be of equal or better quality than the materials approved in the Plans, and shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days). The fixed price for the Construction Contract shall be in an amount that, when added to all consultant and loan fees, “points,” commissions, charges, developer’s fees, fixtures, taxes, interest, start-up and any other costs and expenses of developing and completing the Project and Site work (the aggregate of these costs is sometimes referred to collectively as “**Development Cost**”), does not exceed the aggregate amount of (i) the Construction Commitment, and (ii) all equity to be contributed by and demonstrated to be available to the Developer for the cost of constructing the Project.

The Developer shall obtain HACOLA’s written approval of the Construction Contract and the General Contractor on or before the date specified in the Schedule of Performance and as a condition to the close of the Escrow. HACOLA’s approval of any Construction Contract will not constitute a waiver by HACOLA of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

3.1.3.3.Procedure for HACOLA Approval of Construction Financing and the Construction Contract. The Developer must obtain the approval of HACOLA, which approval shall not be unreasonably withheld, with respect to all financing and construction documentation required to be delivered pursuant to Sections 3.1.3.1 and 3.1.3.2 (collectively, the “**Submissions**”). HACOLA shall approve or disapprove the Submissions within the time set forth in the Schedule of Performance. The Developer shall have ten (10) business days from receipt of any notice from HACOLA disapproving a Submission (a “**Disapproval Notice**”) within which to notify HACOLA that the Developer will revise the Submission as requested or to object to such HACOLA disapproval. If the Developer does not notify HACOLA in writing within such ten (10) business day period that it specifically objects to the HACOLA disapproval, the Developer shall be deemed to

have agreed to revise the Submission as requested by HACOLA. If the Developer objects to the HACOLA disapproval, and if the Developer so notifies HACOLA within said ten (10) business day period of its specific objection, then HACOLA and the Developer agree that they will meet to discuss their differences within ten (10) days after the date on which Developer gives such notice. Unless excused, failure of the Developer to meet with HACOLA within said ten (10) day period shall constitute a waiver by the Developer of such objection. Following said meeting, or following the Developer's deemed approval or waiver of such objection, the Developer shall revise the objected-to Submission and resubmit it to HACOLA as soon as possible, but in no event later than thirty (30) days after receipt of the Disapproval Notice. Any such resubmission shall be approved or disapproved and revised within the times set forth herein with respect to the initial Submissions. Notwithstanding the above time periods, if HACOLA deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency or commission thereof, before the action specified is to be taken, the period for such action by HACOLA shall be extended by a reasonable amount of time, not to exceed thirty (30) days, in each case, for the holding of such public meeting(s). Such extended period shall be at the option of HACOLA only; provided that, if HACOLA elects to receive the above extension, the time for Developer's performance of its obligations under this paragraph shall be extended by a period of time equal to the actual extension obtained by HACOLA.

3.1.4. Delivery of Documents; Other Conditions.

3.1.4.1. The execution of this Agreement by HACOLA and Developer, and delivery of a fully-executed copy to Escrow Holder.

3.1.4.2. HACOLA's deposit into the Escrow of a fully-executed Grant Deed (the **"Industry Land Acquisition Grant Deed"**).

3.1.4.3. Developer's due execution and deposit into the Escrow of the Industry Land Acquisition Promissory Note.

3.1.4.4. Developer's due execution (with notary acknowledgment) and deposit into the Escrow of the Industry Land Acquisition Deed of Trust.

3.1.4.5. Receipt by HACOLA from Developer of such other documents, certifications and authorizations as are reasonably required by HACOLA, in form and substance satisfactory to HACOLA, evidencing that (i) this Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, and all other documents given or executed in connection herewith (collectively, the **"Transaction Documents"**) are duly and validly executed by and on behalf of and constitute the valid and enforceable obligation of Developer pursuant to the respective terms of each of such documents, and (ii) the execution and delivery of the Transaction Documents, and the performance thereunder by Developer, will not breach or violate any applicable Governmental Restrictions nor constitute a breach of or default under any instrument or agreement to which Developer is a party.

3.1.4.6.No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Construction Financing, and Developer shall have demonstrated to the satisfaction of HACOLA's Executive Director (or his designee) that all financing sources for development of the Project are or will be available in sufficient amounts to provide for full and timely completion of the Project. In particular, but not by way of limitation (i) the Construction Commitment has been approved by HACOLA, is in full force and effect, with all pre-conditions to funding having been satisfied and with the Senior Construction Lender having certified in writing to HACOLA and the Escrow Holder that it is ready to record the Senior Construction Financing immediately upon recordation of the Industry Land Acquisition Grant Deed, and (ii) the Permanent Financing Interest Letters have been approved by HACOLA, are in full force and effect, with all pre-conditions to funding having been satisfied other than the lien-free completion of the Project and with the Permanent Lenders having certified in writing to HACOLA and Escrow Holder that they are ready to issue Permanent Loans to Qualified Buyers satisfying their respective credit requirements.

3.1.4.7.Developer shall have furnished HACOLA with certificates of insurance evidencing the coverages required by Section 4.7 below.

3.1.4.8.Developer shall have certified and demonstrated to HACOLA that the requirements of Section 4.8 below have been satisfied.

3.1.4.9.Developer shall have provided to HACOLA, in form satisfactory to HACOLA, certified copies of (i) Developer's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner or president that such agreement or articles or bylaws have not been amended or modified except as described in the certification, (ii) a good standing certificate from the California Secretary of State, certifying that Developer is duly qualified and in good standing in the State of California, and (iii) all other documents necessary to evidence to HACOLA's satisfaction that the individuals and entities executing this Agreement and the Transaction Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Developer, to the terms hereof and thereof.

3.2. Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Closing Conditions set forth in Sections 3.1.1, 3.1.4.1, 3.1.4.2, 3.1.4.3 and 3.1.4.4 have been satisfied, and has received written certification from the Developer and from HACOLA that all other Closing Conditions set forth in Section 3.1 have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Escrow ("**Close of Escrow**") by:

(i) causing the Industry Land Acquisition Grant Deed, the first deed of trust evidencing the Senior Construction Financing, and the Industry Land Acquisition Deed of Trust to be recorded, in that order, in the Official Records of Los Angeles County, California;

(ii) delivering the executed original Industry Land Acquisition Promissory Note to HACOLA; and

(iii) causing the Developer's Title Policy and the HACOLA Title Policy to be issued to the Developer and HACOLA, respectively, in the forms and the amounts specified in Section 3.1.1.

The close of the Escrow shall occur concurrently with the closing for the Senior Construction Financing. If the close of the Escrow does not occur prior to the time for such closing set forth in the Schedule of Performance, then, if the Escrow Holder has received written instructions signed by HACOLA to terminate the Escrow, the Escrow shall terminate, and Escrow Holder shall promptly return all documents to the Party depositing them.

4. PROJECT CONSTRUCTION

4.1. Scope of Development.

The Site shall be developed as a residential development comprised of forty-five (45) detached single family houses, each containing four (4) bedrooms and two and one-half (2½) bathrooms, and ranging in size from approximately 1,550 square feet to 1,867 square feet (each, a "**Unit**"; collectively, "**Units**"), in a good and workmanlike manner, in accordance with the approved Plans and all applicable Governmental Restrictions, and containing all necessary parking areas, walkways, streets, driveways, landscaping, central and ancillary public areas, and other improvements associated with the Project, as depicted on the Plans approved by HACOLA in accordance with this Section 4 (collectively, the "**Project**").

4.2. Concept Drawings.

The Developer has submitted to HACOLA and HACOLA has approved certain basic concept drawings and related documents containing the overall plan for development of the Site (collectively, "**Basic Concept Drawings**"). The Site shall be developed as generally established in the Basic Concept Drawings, subject to any changes that are mutually agreed upon between the Developer and HACOLA.

4.3. Construction Plans, Drawings, and Related Documents.

In addition to the Basic Concept Drawings, the Developer will prepare and submit construction plans, drawings, specifications, including construction and equipment specifications, and related documents for the Project (sometimes collectively referred to as the "**Plans**") to HACOLA for architectural and site planning review and written approval by HACOLA. The Plans are to be in conformance with the requirements set forth in this Agreement (including, without limitation, Exhibit "J"), consistent with the Basic Concept Drawings, and in conformance with the Los Angeles County Building Code, as amended from time to time, and other applicable Governmental Restrictions. The Plans are to be submitted in two stages: preliminary and final

working drawings and specifications. Final working drawings and specifications are hereby defined as those in sufficient detail to obtain a building permit.

The Plans include preliminary and final finish grading and landscaping plans, and public improvement and street plans and specifications for the Site. All Plans shall be prepared and submitted within the times established in the Schedule of Performance, subject to extensions as are authorized herein or as mutually agreed to by the Parties.

During the preparation of all Plans, HACOLA staff and the Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of the Plans by HACOLA. HACOLA and the Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of the Plans to HACOLA can receive prompt and speedy consideration.

4.4. HACOLA Approval of Plans.

Subject to the terms of this Agreement, HACOLA shall have the right of architectural and site planning review of all Plans, including any changes thereto. Notwithstanding such review by HACOLA, the Developer shall also obtain any architectural and site planning review required by any agency, department, board, or commission of County of Los Angeles (“**County**”) having jurisdiction over the Project within the times required for such review by such agency, department, board or commission. The Developer shall also submit any Plans and other submissions required for development permits or building permits to be issued by the City or County or other public agencies.

HACOLA shall approve or disapprove in writing the Plans referred to in Section 4.3 of this Agreement within the times established in the Schedule of Performance. Any disapproval by HACOLA shall state in writing (the “**Notice of Disapproval**”) the reasons for disapproval and the changes which HACOLA requests be made. Such reasons and such changes must be consistent with this Agreement and any items previously approved hereunder by HACOLA. The Developer, upon receipt of a Notice of Disapproval, shall revise the Plans and resubmit them to HACOLA within thirty (30) days after receipt of the Notice of Disapproval, and the deadline set forth in the Schedule of Performance by which Developer is required to secure approval of such disapproved Plans shall be adjusted accordingly. Any resubmission(s) shall be approved or disapproved and revised within the times set forth herein with respect to the initial submission of such Plans. Notwithstanding the above time periods, if HACOLA is required by law or deems it appropriate or necessary to hold a public meeting of HACOLA, or any agency thereof, before the action specified is to be taken, the period for such action by HACOLA shall be extended by a reasonable amount of time, in each case, for the holding of such public meeting.

The Developer agrees to use best efforts to follow the Plans without any changes. If, during the course of construction, despite the Developer’s use of best efforts to follow the Plans, changes to the Plans are necessary, Developer shall not be required to seek HACOLA approval of such changes, provided that (i) if such changes substitute any materials or equipment specification expressly set forth in the Plans, the substituted materials or equipment shall be of equal or better quality than those contained in the Plans, (ii) any such changes shall conform to the Basic Concept Drawings, and (iii)

any such changes shall not extend the date for any item on the Schedule of Performance by more than thirty (30) days.

The Developer understands that any administrative approval by HACOLA staff or any approval by the governing board of HACOLA of any Plans or other submissions by the Developer shall not be construed to constitute an approval by County and County shall retain full and absolute discretion respecting the granting or withholding of City or County approvals required under this Agreement or by applicable Governmental Restrictions in connection with the construction of the Project and the use of the Site.

HACOLA neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer or any third party of any matter in connection with the development or construction of the Project, whether with respect to the quality, adequacy or suitability or the Construction Contract, plans, any labor, service, equipment or material furnished to the Project, any person furnishing the same, including without limitation, the General Contractor, or otherwise. Developer and all third parties shall rely upon its or their own judgment with respect to such matter, and any review, inspection, supervision, exercise of judgment or information supplied to Developer or to any third party by HACOLA in connection with such matter is for the public purpose of carrying out redevelopment, including the provision of affordable housing for Lower Income Households, in accordance with this Agreement, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon.

4.5. Cost of Construction.

The cost of developing the Site and constructing the Project thereon shall be borne solely by the Developer, including all related public improvements as may be required by the City or County. HACOLA and the Developer shall otherwise each pay their own costs necessary to administer and carry out their respective responsibilities and obligations under this Agreement.

4.6. Construction Schedule.

Developer shall promptly begin the construction of the Project and the development of the Site at the time set forth in the Schedule of Performance and shall thereafter diligently prosecute the same to completion. Developer shall begin and complete all construction and development within the times specified in the Schedule of Performance. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and HACOLA.

During the period of construction, but not more frequently than once a month, the Developer shall submit to HACOLA a written progress report of the construction of the Project, when and as requested in writing by HACOLA. The report shall be in such form and detail as may reasonably be requested by HACOLA and shall include a reasonable number of construction photographs taken since the date of the last report submitted by the Developer to HACOLA.

4.7. Indemnification and Insurance.

From and after the execution of this Agreement, the Developer hereby agrees to indemnify and hold harmless HACOLA, the Community Development Commission of the County of Los Angeles ("CDC") and the County and each of their respective officials, officers, attorneys, employees, agents and commissioners (collectively, "**HACOLA/County Representatives**"), and each of them, from and against all Losses and Liabilities related directly or indirectly to, or arising out of or in connection with (i) any breach or default by the Developer hereunder, (ii) any of the Developer's activities on the Site (or the activities of Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including, without limitation, the construction of the Project on the Site and the use or condition of the Project, or (iii) any other fact, circumstance or event related to the Developer's performance hereunder.

Without limiting the Developer's indemnification of HACOLA, CDC and the County as set forth above, upon the close of Escrow, the Developer shall provide and maintain at its sole cost and expense for the periods stated below:

(i) Comprehensive general and automobile liability insurance, including contractual liability, with a combined single limit of a least One Million Dollars (\$1,000,000) for each occurrence and Two Million Dollars (\$2,000,000) general aggregate. HACOLA, CDC and the County and the HACOLA/CDC/County Representatives shall be carried as additional insureds with respect to liability arising from activities performed by or on behalf of Developer with respect to the Project. Such insurance shall be primary insurance with respect to HACOLA, CDC and the County and shall contain cross liability protection. Such insurance shall be maintained continuously for as long as the Developer shall own the Site or any portion thereof, and shall be endorsed to require thirty (30) days prior written notice from insurer to HACOLA before cancellation or change in coverage. The Developer shall require its contractor and subcontractors to include HACOLA, CDC and the County and the HACOLA/CDC/County Representatives as additional insureds on all general liability insurance covering work at the Site.

(ii) "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of the Project. Such insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Such insurance shall be maintained as long as Developer shall own the Project or any portion thereof.

(iii) Worker's Compensation insurance as required by the Labor Code of the State of California.

Prior to commencing construction on the Site, the Developer shall deliver to HACOLA certificates of insurance with original endorsements evidencing the coverage required by this Section 4.7 provided by insurers admitted in California and having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. The certificates and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. HACOLA reserves the right to require complete certified copies of all policies at any time.

The above insurance may provide for such deductibles or self-insured retention as may be acceptable to HACOLA. In the event such insurance does provide for deductibles or self-insurance, Developer agrees that it will protect HACOLA and the County and the HACOLA/County Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by HACOLA from time to time, the Developer shall increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Failure on the part of the Developer to procure or maintain any required insurance shall constitute a material breach of this Agreement under which HACOLA may immediately terminate this Agreement. At its discretion, HACOLA may procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by HACOLA shall be repaid by the Developer to HACOLA upon demand with interest at the Default Rate.

4.8. County and Other Governmental Agency Permits.

Before commencement of construction or development of any buildings, structures, or other work of improvement upon the Site, the Developer shall, at its own expense, determine and secure or cause to be secured any and all permits which may be required by the County or any other governmental agency affected by or with jurisdiction over such construction, development, or work on the Site. HACOLA may, but shall have no obligation to, provide any assistance deemed appropriate by HACOLA, to assist Developer in obtaining such permits. The Developer shall obtain all building permits for the Project no later than the date set forth in the Schedule of Performance.

4.9. Rights of Access

For the purposes of assuring compliance with this Agreement (including this Section 4), the HACOLA/County Representatives shall have the reasonable right of access to the Site in accordance with Section 12 of this Agreement without charges or fees and during normal business hours.

4.10. Anti-Discrimination During Construction

The Developer covenants for itself and its successors and assigns that with respect to the construction of the Project, the Developer and its contractors and suppliers will abide by the anti-discrimination provisions set forth in Section 6 of this Agreement.

4.11. Taxes, Assessments, Encumbrances, and Liens

After the conveyance of the Site to the Developer in accordance with this Agreement, the Developer shall pay, when due, all real estate taxes and assessments assessed and levied on the Site. Prior to the issuance of a Certificate of Completion (as hereinafter defined), the Developer shall not place or allow to be placed on the Site any mortgage, trust deed, encumbrance, lien, levy, attachment or other voluntary or involuntary encumbrance that is not authorized by this Agreement (each, an “**Unpermitted Lien**”). The Developer shall remove or cause to be removed any Unpermitted Lien

created or attached to the Site (or any portion thereof), or shall assure the satisfaction thereof, within a reasonable time, but in any event prior to a sale thereunder. Nothing herein contained shall be deemed to prohibit the Developer from contesting the validity or amounts of any tax, assessment, encumbrance, or lien, nor to limit the remedies available to the Developer in respect thereto. Developer shall promptly notify HACOLA of any Unpermitted Lien that is created or attached to the Site prior to issuance of a Certificate of Completion for the construction of the Project on the Site.

The Developer understands that under certain conditions its control of the Site or portion thereof under this Agreement may give rise to the imposition of a possessory interest tax on the Site, and in such event, the Developer agrees to pay when due any such possessory interest tax.

4.12. Security Financing; Rights of Holders.

4.12.1. Permitted Construction Loan.

Notwithstanding Sections 4.11 and 27 of this Agreement, the Senior Construction Financing which satisfies the requirements of and is approved by HACOLA in accordance with Section 3.1.3.1, may encumber the Site, or a portion thereof.

4.12.2. Senior Construction Financing Proceeds Applied to Construction of Project Only.

This Agreement shall not be deemed or construed to permit or authorize any Senior Construction Lender to devote the Site to any uses, or construct any improvements thereon, other than those uses provided for and authorized by this Agreement.

4.12.3. Notice of Default to Mortgage, Deed of Trust, or Other Security Interest Holders; Right to Cure.

Whenever HACOLA shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer in completion of construction of the Project, HACOLA shall at the same time deliver a copy of such notice or demand to the Senior Construction Lender authorized by this Agreement, if the Senior Construction Lender has previously made a written request to HACOLA therefor. The Senior Construction Lender shall (insofar as the rights of HACOLA are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy any such default and to add the cost thereof to the security interest debt and the lien on its security interest. If such cure involves the continuation or completion of construction of the Project, the Senior Construction Lender shall have the option to assign its right to cure to a qualified builder, approved by HACOLA in its sole and absolute discretion. Such builder shall be required to expressly assume the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA and must agree to complete the Project, in the manner provided in this Agreement. In the event there is a construction lender (approved by HACOLA) in addition to the Senior Construction Lender (the Senior Construction Lender and any other construction lender each hereinafter sometimes referred to as a "**Construction Lender**"), the right to cure or remedy a breach or default of the Developer under this Section 4.12.3 may be exercised by the Senior Construction Lender or as the Construction Lenders may otherwise agree among themselves (provided in such case that a copy of the intercreditor agreement evidencing

such agreement be provided by the Construction Lenders to HACOLA), but there shall be only one exercise of such right to cure and remedy a breach or default of the Developer under this Section 4.12.3. Nothing contained in this Agreement shall be deemed to permit or authorize a Construction Lender to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the construction already completed) without first having expressly assumed the Developer's obligations to HACOLA hereunder by written agreement satisfactory to HACOLA. A Construction Lender in that event must agree to complete, in the manner provided in this Agreement, the Project. A Construction Lender properly completing such improvements shall be entitled, upon written request made to HACOLA, to a Certificate of Completion from HACOLA.

4.12.4. Failure of Holder to Complete Improvements.

The Developer shall ensure that the following provision is incorporated into the documents evidencing any construction loan applicable to the Site:

If a Construction Lender has not timely exercised its right to complete construction of the Project in accordance with Section 4.12.3, or if a Construction Lender has exercised its right to complete the construction of the Project but has not proceeded diligently with construction at all times thereafter, HACOLA may, but is not obligated to, purchase the construction loan by payment to the Construction Lender of the amount of the unpaid debt, plus any accrued and unpaid interest. If the ownership of the Site has vested in the Construction Lender, HACOLA, if it so desires, shall be entitled to a conveyance of the Site from the Construction Lender to HACOLA upon payment to the holder of an amount equal to the sum of the following:

- a. The total unpaid construction loan debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);
- b. All expenses with respect to foreclosure;
- c. The net expenses, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Site;
- d. The costs of any authorized improvements made by the Construction Lender; and
- e. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the construction loan and such debt had continued in existence to the date of payment by HACOLA.

4.13. Right of HACOLA to Cure Mortgage, Deed of Trust, or Other Security Interest Default

The Developer shall ensure that the documents evidencing any construction loan applicable to the Site, including without limitation the Senior Construction Financing, provide that in the event of a default or breach by the Developer under such construction loan prior to the completion of the

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Project, where the holder thereof has not exercised its option to complete the Project, HACOLA shall be given notice of the default concurrently with Developer and may elect, in its sole and absolute discretion and with no obligation to do so, to cure the default prior to completion of any foreclosure.

In such event, HACOLA shall be entitled to reimbursement from the Developer of all costs and expenses incurred by HACOLA in curing the default. HACOLA shall also be entitled to a lien upon the Site with power of sale to the extent of such costs and disbursements. Any such lien shall be subject only to the Senior Construction Financing.

4.14. Completion of Project; Certificate of Completion

“Completion of the Project” shall be deemed to have occurred when HACOLA has received satisfactory evidence that the Project has been completed in compliance with this Agreement and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to HACOLA’s review and approval:

- 4.14.1. A signed certificate from the General Contractor, in a form reasonably acceptable to HACOLA, certifying to HACOLA that construction was completed substantially in accordance with the requirements of the approved Plans and this Agreement, and all other related improvements required to be completed by the Developer under this Agreement have been completed;
- 4.14.2. A certificate of occupancy (the **“Certificate of Occupancy”**) and any other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, have been issued by the proper governmental agencies;
- 4.14.3. Certificates of insurance issued by Developer’s insurance agent evidencing compliance with all insurance requirements set forth in this Agreement;
- 4.14.4. Unconditional Waivers and Releases upon Final Payment, in statutory form, executed by all persons or entities furnishing services or supplies in connection with the Project and showing no outstanding sums due or in dispute;
- 4.14.5. Any mechanics liens which have been recorded have been released or statutory release bonds with respect to such mechanics liens issued by sureties satisfactory to HACOLA have been obtained and recorded;
- 4.14.6. A valid notice of completion for the Project pursuant to California Civil Code Section 3093 has been filed at least thirty five (35) days prior to the making of the final payments to the General Contractor and all subcontractors and suppliers furnishing services or supplies in connection with the Project; and
- 4.14.7. No default exists under the Senior Construction Financing, this Agreement or any other construction financing for the Project.

Upon Completion of the Project and Developer's written request, HACOLA shall furnish the Developer with a certificate of completion duly executed by HACOLA (the "**Certificate of Completion**"), unless HACOLA reasonably determines that Completion of the Project has not occurred. HACOLA shall not unreasonably withhold the Certificate of Completion. If HACOLA refuses or fails to furnish a Certificate of Completion for the Site after written request from the Developer, HACOLA shall, within thirty (30) days of such written request, provide the Developer with a written statement of the reasons HACOLA refused or failed to furnish the Certificate of Completion. The statement shall also contain HACOLA's opinion of the action the Developer must take to obtain a Certificate of Completion. If the reason for such refusal is limited to the immediate unavailability of specific items or materials for landscaping, HACOLA will issue the Certificate of Completion upon the posting of a bond by the Developer with HACOLA in an amount representing a fair value of the work not yet completed.

The Certificate of Completion shall be in such form as to permit it to be recorded in the Office of the County Recorder of Los Angeles County, and shall be, and shall state that it is, a conclusive determination of satisfactory completion of the construction required by this Agreement upon the Site and of full compliance with the terms hereof with respect to such construction; provided, that, if a bond has been posted to insure completion of any items, the Certificate of Completion shall not limit HACOLA's right to require such completion or to proceed against such bond. After issuance of the Certificate of Completion, any party then owning or thereafter purchasing, leasing, or otherwise acquiring any interest in the Site (other than Developer) shall not (because of such ownership, purchase, or acquisition) incur any obligation or liability under this Agreement, except that such party shall be bound by any covenants contained in the HACOLA Secondary Financing Deeds of Trust or other instruments encumbering such interest in the Site.

The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder or any insurer of a mortgage securing a construction loan. The Certificate of Completion is not a notice of completion as referred to in California Civil Code Section 3093.

4.15. Subordination of Industry Land Acquisition Loan to Senior Construction Loan.

HACOLA acknowledges the intent of the Developer to secure the Senior Construction Financing pursuant to Section 3.1.3.1 of this Agreement. HACOLA agrees to subordinate its security interest in the Site to such mortgage, deeds of trust, or other security instruments securing the Senior Construction Financing which have been approved by HACOLA and meeting the requirements set forth in Section 3.1.3.1. HACOLA agrees to execute and deliver such documents as may be reasonably requested by the Senior Construction Lender to evidence such subordination.

HACOLA further agrees to subordinate the affordability restrictions contained in Section 5.1 of this Agreement to the Senior Construction Financing (meeting the requirements set forth in Section 3.1.3.1) during the construction period of the Project. The construction period shall start upon the commencement of construction and shall end upon the issuance of a Certificate of Completion pursuant to Section 4.16 of this Agreement. HACOLA agrees to execute and deliver such documents as may be reasonably requested by the Senior Construction Lender to evidence such subordination of the affordability restrictions; provided that such documents provide that, upon the

issuance of a Certificate of Completion, such subordination of the affordability restrictions shall terminate and have no further force or effect. Developer agrees that HACOLA shall have no obligation to provide the HACOLA Secondary Financing Loans (as hereinafter defined) for so long as the foregoing subordination is in effect.

5. SALE OF ASSISTED UNITS; HACOLA SECONDARY FINANCING LOANS

5.1. Restriction to Qualified Buyers.

Notwithstanding anything to the contrary in this Agreement, Developer hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Developer, that, until all of the Assisted Units have been sold to Qualified Buyers pursuant to the terms of this Agreement (such period referred to herein as, the “**Term**”), Developer and such successors and assigns shall use the Site solely for the purpose of developing the Project as a residential development with the number of total Units and the number of the Assisted Units specified in the Transaction Summary above and selling the Assisted Units to Qualified Buyers. All Assisted Units shall be sold in accordance with the escrow procedures set forth in Section 5.5 below. As used in this Agreement, “**Qualified Buyer**” means a person or persons from a Lower Income Household (as defined below) who have been approved by HACOLA pursuant to Section 5.4 below. Assisted Units shall be dispersed throughout the Site, and shall be no less attractive or desirable on average (whether because of square footage, convenient access, views, amenities, or other reasons) than the other Units in the Project which are not Assisted Units (the “**Non-Assisted Units**”).

“**Area Median Income**” shall mean the median income for the Los Angeles/Long Beach Metropolitan Standard Statistical Area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development, or any successor entity designated under state law as responsible for establishing such Area Median Income.

“**Lower Income Households**” shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for lower-income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income adjusted, for family size and other adjustment factors, by the United States Department of Housing and Urban Development.

5.2. Marketing of Assisted Units.

Prior to the commencement of marketing of the Assisted Units, Developer shall obtain HACOLA’s written approval of an affirmative marketing plan, sales guidelines, and a summary of the rules, procedures and programs for the Project, including, specifically, the procedures to be employed by Developer to select Proposed Purchasers in the event that, at any given time, the number of prospective purchasers who meet the requirements set forth in Section 5.1 above exceeds the number of Assisted Units available for sale.

5.3. HACOLA Secondary Financing Loans.

In order to help Qualified Buyers pay for the acquisitions of Assisted Units, upon the recordation of the Certificate of Completion for the Project, and provided that the Developer is not in default of any of its obligations under this Agreement, HACOLA will provide second trust deed loans to Qualified Buyers of Assisted Units (each such loan is hereinafter referred to as a **"HACOLA Secondary Financing Loan"**), as further described in this Section 5.3. The amount of each HACOLA Secondary Financing Loan (the **"HACOLA Secondary Financing Loan Amount"**) will be the sum of: (i) One Hundred and Eight Thousand Six Hundred and Ninety-Five Dollars (\$108,695) (the **"HACOLA Assistance Amount"**), plus (ii) the amount (the **"Tertiary Financing Amount"**) by which the Sales Price for the Assisted Unit exceeds the sum of (x) the HACOLA Assistance Amount plus (y) the Affordable Buyer Contribution. The **"Affordable Buyer Contribution"** is the maximum contribution by a Qualified Buyer (including proceeds of a Permanent Loan (as hereinafter defined) provided by a Permanent Lender (as hereinafter defined) and a down payment) consistent with the sale of the Assisted Unit to the Qualified Buyer at an Affordable Housing Cost, as calculated and approved by HACOLA based upon the income level of the Qualified Buyer and the interest rate(s) applicable to the Qualified Buyer's Permanent Loan. **"Affordable Housing Cost"** shall mean "housing costs" as specified in Section 6920 of Title 25 of the California Code of Regulations which, with respect to a Qualified Buyer within a Lower Income Household, do not exceed the product of thirty percent (30%) of seventy percent (70%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; or, at the election of HACOLA and in the case of a Lower Income Household whose gross income exceeds seventy percent (70%) of the Area Median Income adjusted for family size, thirty-five percent (35%) of the gross income of the Lower Income Household. Each Qualified Buyer will receive a credit against the Sales Price of such Qualified Buyer's Assisted Unit equal to the HACOLA Secondary Financing Loan Amount. The HACOLA Assistance Amount will be funded by HACOLA via a credit to the Developer against the outstanding amounts owing under the Industry Land Acquisition Promissory Note. In addition, each Qualified Buyer will receive a credit from the Developer against the Sales Price of such Qualified Buyer's Assisted Unit equal to the Tertiary Financing Amount. Developer has agreed to provide such credits to each Qualified Buyer and Developer has agreed that such credits will be for the benefit of HACOLA in consideration of HACOLA's acquisition and disposition of the Site to Developer, of HACOLA's making the Industry Land Acquisition Loan in connection therewith, and of HACOLA's making available the Secondary Financing Loans. HACOLA will not fund the Tertiary Financing Amounts but each Tertiary Financing Amount will be included in the total amount of the HACOLA Tertiary Financing Note entered into by each Qualified Buyer in connection with the close of Escrow.

Each HACOLA Secondary Financing Loan shall be evidenced by: (i) a shared appreciation promissory note in favor of HACOLA in the amount of HACOLA Assistance Amount and in the form attached hereto as Exhibit "K" (the **"HACOLA Secondary Financing Note"**), which shall be secured by a second priority deed of trust in favor of HACOLA recorded against the Qualified Buyer's fee interest in the Assisted Unit and which shall be in the form attached hereto as Exhibit "L" (the **"HACOLA Secondary Financing Deed of Trust"**); and (ii) a promissory note in favor of HACOLA in the amount of the Tertiary Financing Amount and in the form attached hereto as Exhibit "M" (the **"Tertiary Financing Note"**), which shall be secured by a third priority deed of

trust in favor of HACOLA recorded against the Qualified Buyer's fee interest in the Assisted Unit and which shall be in the form attached hereto as Exhibit "N" (the "**Tertiary Financing Deed of Trust**"). Each HACOLA Secondary Financing Loan shall accrue zero percent (0%) interest (except upon the occurrence of a default thereunder) and shall be due and be payable forty-five (45) years after recordation of the applicable HACOLA Secondary Financing Deed of Trust and Tertiary Financing Deed of Trust, with all payments of principal deferred for the term of the HACOLA Secondary Financing Note and the Tertiary Financing Note; provided, however, that the HACOLA Secondary Financing Note and the Tertiary Financing Note shall, at the option of the Executive Director of HACOLA, be immediately due and payable upon the sale or refinance of the Assisted Unit to which it applies. In the event that the appraised value of the Assisted Unit at the time of such resale or refinance (which appraised value shall be subject to the approval of HACOLA) is below the original Sales Price of such Unit, HACOLA may, at HACOLA's discretion, forgive all or part of the Tertiary Financing Note.

5.4. Assisted Unit Escrows.

The Developer shall cause the agreement for the purchase of each Assisted Unit to be evidenced by a written purchase agreement (each an "**Assisted Unit Buyer Agreement**"), in a form approved by HACOLA, and fully executed by Developer and the proposed purchaser (the "**Proposed Purchaser**"). The Assisted Unit Buyer Agreement will provide that the obligation of the Developer to convey title thereunder to the Proposed Purchaser shall be conditioned upon HACOLA's approval of the Proposed Purchaser and otherwise upon satisfaction of the requirements of this Section 5.4 and Section 5.5 below. Within seven (7) days after the execution of an Assisted Unit Buyer Agreement for an Assisted Unit, an escrow (each an "**Assisted Unit Escrow**") shall be opened with Escrow Holder. Upon identifying a Proposed Purchaser, Developer, or its designee, shall provide to HACOLA, by personal delivery or by first-class U.S. Mail, a reservation request completed by the Proposed Purchaser, together with such loan applications, documentation and other information and data (collectively, "**Loan Information**") requested by HACOLA to permit HACOLA to (i) verify that the Proposed Purchaser is a Qualified Buyer, and (ii) determine the credit-worthiness of the Proposed Purchaser; provided, however, that HACOLA shall accept, in lieu of the Loan Information, copies of all loan applications and other documentation and data received by the Permanent Lender in connection with its consideration of the Permanent Loan to each Proposed Purchaser so long as such documentation contains the information required by HACOLA to make its findings under (i) and (ii) hereinabove (collectively, the "**Reservation Request**"). If HACOLA approves, in its sole and absolute discretion, the Reservation Request, then HACOLA shall provide written notice of such approval to the Developer and the Proposed Purchaser and such Proposed Purchaser shall be considered a Qualified Buyer for purposes of this Agreement.

5.5. Conditions to Closing of Assisted Unit Escrows. The closing of an Assisted Unit Escrow, and HACOLA's obligation to make a HACOLA Secondary Financing Loan to a Qualified Buyer with respect to an Assisted Unit, shall be expressly subject to satisfaction or waiver by HACOLA of all of the following conditions (collectively, the "**Assisted Unit Closing Conditions**"):

- 5.5.1.1. the Proposed Purchaser has become a Qualified Buyer pursuant to Section 5.4 above;

- 5.5.1.2. the Qualified Buyer has deposited into the Assisted Unit Escrow a duly executed HACOLA Secondary Financing Note and a duly executed Tertiary Financing Note;
- 5.5.1.3. the Qualified Buyer has deposited into the Assisted Unit Escrow a duly executed and acknowledged HACOLA Secondary Financing Deed of Trust and a duly executed and acknowledged Tertiary Financing Deed of Trust;
- 5.5.1.4. the Developer has deposited into the Assisted Unit Escrow a duly executed and acknowledged grant deed with respect to the Assisted Unit to be purchased by the Qualified Buyer, in a form approved by HACOLA ("**Assisted Unit Grant Deed**");
- 5.5.1.5. the Qualified Buyer has deposited into the Assisted Unit Escrow such other documents as may be reasonably requested by the Escrow Holder or by the Title Company;
- 5.5.1.6. the Qualified Buyer and/or the Permanent Lender has deposited cash in the amount of the Affordable Buyer Contribution into the Assisted Unit Escrow;
- 5.5.1.7. the Qualified Buyer has obtained an all-risk insurance policy insuring the Assisted Unit in an amount equal to the full replacement value of the Assisted Unit and in a form and with an insurance company approved by HACOLA. Such policy shall name HACOLA as loss payee and shall contain a statement of obligation on behalf of the carrier to notify HACOLA of any material change, cancellation or termination of coverage at least thirty (30) days in advance of such material change, cancellation or termination;
- 5.5.1.8. Escrow Holder shall have confirmed that the Title Company is irrevocably and unconditionally committed to issue to HACOLA, upon recordation of the HACOLA Secondary Financing Deed of Trust and the Tertiary Financing Deed of Trust, a lender's policy of title insurance (the "**HACOLA Secondary Financing Title Policy**"), with customary endorsements, including but not limited to Nos. 100, 103.7 and 116 and such other endorsements as HACOLA may reasonably require, in the amount of the HACOLA Secondary Financing Loan, insuring HACOLA's interest as beneficiary under the HACOLA Secondary Financing Deed of Trust and the Tertiary Financing Deed of Trust encumbering the Assisted Unit, and specifically insuring that the lien of the HACOLA Secondary Financing Deed of Trust against the Assisted Unit is subject only to the lien of the Permanent Loan and any exceptions to title applicable to the Assisted Unit which were shown in a preliminary title report provided to HACOLA by Title Company no later than seven (7) days after the approval by HACOLA of the Reservation Request and approved in writing by HACOLA prior to the closing of the Assisted Unit Escrow, and that the lien of the Tertiary Financing Deed of Trust against the

Assisted Unit is subject only to the lien of the Permanent Loan and the HACOLA Secondary Financing Deed of Trust and any exceptions to title applicable to the Assisted Unit which were shown in a preliminary title report provided to HACOLA by Title Company no later than seven (7) days after the approval by HACOLA of the Reservation Request and approved in writing by HACOLA prior to the closing of the Assisted Unit Escrow. Developer shall pay all costs associated with the HACOLA Secondary Financing Title Policy. Mechanic's liens shall not be an exception or exclusion from coverage. Standard lender's title insurance coverage (without the need for a survey) will be accepted by HACOLA unless the Permanent Lender requires extended coverage, in which case an ALTA extended coverage policy shall also be provided to HACOLA;

- 5.5.1.9. the Certificate of Completion for the Project shall have been recorded in the Official Records of Los Angeles County;
- 5.5.1.10. No Event of Default shall exist under this Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, the HACOLA Secondary Financing Note, the HACOLA Secondary Financing Deed of Trust, the Tertiary Financing Note or the Tertiary Financing Deed of Trust or under any agreement or instrument relating to any financing for the Project or the Assisted Unit;
- 5.5.1.11. No stop notice or mechanics' lien shall have been filed against the Site unless same has been discharged as provided by law;
- 5.5.1.12. Developer shall have furnished HACOLA and obtained the HACOLA's approval of all soils and geologic reports existing with respect to the Site. Developer hereby acknowledges that the HACOLA's review and approval of such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of HACOLA and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter;
- 5.5.1.13. Developer shall have furnished HACOLA, if applicable, and obtained HACOLA's approval of the compliance with the environmental mitigation measures specified in the "Environmental Special Conditions" referenced in "Exhibit O" attached hereto. Developer hereby acknowledges that HACOLA's review and approval of such compliance with environmental mitigation measures under this Agreement is solely for the benefit of the HACOLA and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of such matter;
- 5.5.1.14. All of the Closing Conditions set forth in Section 3.1 above are otherwise satisfied, as certified to the Escrow Holder by HACOLA; and

5.5.1.15. HACOLA has deposited into the Assisted Unit Escrow a fully executed and acknowledged Partial Reconveyance of the Industry Land Acquisition Deed of Trust with respect to the Assisted Unit being sold (the “**Partial Reconveyance**”).

5.6. Assisted Unit Escrow Instructions. When, and only when, Escrow Holder has confirmed that the Assisted Unit Closing Conditions set forth in Sections 5.5.1.2, 5.5.1.3, 5.5.1.4, 5.5.1.6, 5.5.1.8, and 5.5.1.15 have been satisfied, and has received written certification from HACOLA that all other Assisted Unit Closing Conditions set forth in Section 5.5 have been timely satisfied or waived, then Escrow Holder shall carry out the close of the Assisted Unit Escrow (“**Assisted Unit Close of Escrow**”) by:

(i) causing the Partial Reconveyance, the Assisted Unit Grant Deed, the deed of trust evidencing the Permanent Loan, the HACOLA Secondary Financing Deed of Trust and the Tertiary Financing Deed of Trust to be recorded, in that order, in the Official Records of Los Angeles County, California;

(ii) delivering the executed original HACOLA Secondary Financing Note and the Tertiary Financing Note to HACOLA; and

(iii) causing the HACOLA Secondary Financing Title Policy to be issued to HACOLA, in the form and the amount specified in Section 5.5.1.8.

5.7. Sales Prices; Developer Reimbursement. Prior to the sale of any Assisted Unit, it shall be the responsibility of the Developer to make all necessary arrangements, including financial, for an appraisal to determine the sales price for all Assisted Units, which appraisal shall be subject to the approval of HACOLA. Upon HACOLA’s approval of the appraisal of an Assisted Unit, the sales price determined by such appraisal shall be the “**Sales Price**” for such Assisted Unit.

The Developer shall be permitted reimbursement from the proceeds from each Assisted Unit Escrow for costs incurred in the construction and development of the Project, including without limitation, planning, design, architectural, and engineering costs, permits, fees, and financing costs, and those items shown below, provided, however that such amounts shall not be payable with respect to any Assisted Unit Close of Escrow unless and until HACOLA has been paid in full on the attributable portion of the Industry Land Acquisition Loan for such Assisted Unit. The dollar amounts shown below represent the maximum reimbursement amount that may be paid from the proceeds of each Assisted Unit Escrow to the Developer or his designee for each item.

a) Sales commissions:	\$24,000
b) Marketing costs and Model	\$ 9,000
c) Developer’s closing costs:	\$10,700
d) Home Owners’ warranties	\$ 1,200

5.8. Related Sales and Fees Prohibited. Developer shall not knowingly sell any Unit to a spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, nephew, niece, or first cousin of any principal, officer, member, director, partner, owner, employee or agent of Developer or any person holding a beneficial interest in Developer. Developer shall not accept any payment of money or other consideration (other than the purchase price and other customary payments made in connection with the purchase) in return for or in an attempt to recapture all or any portion of the purchase price subsidy contemplated by this Agreement.

5.9. Maintenance of Project Pending Final Sale. Beginning upon the Completion of the Project and continuing for so long as Developer owns any of the Units, Developer shall, as to portions of the Project that it owns, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the approved Plans for the Project and all Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

5.10. First Mortgage Loans. The Developer shall work with one or more conventional lenders approved by HACOLA for the transaction contemplated by this Agreement (each a **"Participating Lender"** and collectively, the **"Participating Lenders"**) to ensure that a fixed rate permanent mortgage loan is made available to each Qualified Buyer at the lowest commercially available interest rate and on the most favorable terms. No temporary buy-down of the interest rate on such permanent mortgage loans shall be permitted.

Prior to the deadline specified therefore on the Schedule of Performance, the Developer agrees to deliver to HACOLA, for HACOLA's approval, one or more written commitments (each a **"Permanent Financing Interest Letter"** and collectively, the **"Permanent Financing Interest Letters"**), subject to such standard and reasonable conditions as are customarily imposed on such commitments by institutional lenders, from one or more Qualified Financial Institutions (each a **"Permanent Lender"** and collectively, the **"Permanent Lenders"**), by which such Permanent Lenders agree to make first trust deed loans to Qualified Buyers of Assisted Units in the Project to be secured by the Qualified Buyers' fee interests in their respective Assisted Units (each a **"Permanent Loan"** and collectively the **"Permanent Loans"**). Each Permanent Loan shall be consistent with this Agreement, but otherwise may be subject to the Permanent Lender's usual and customary terms and conditions. The Developer covenants and agrees to take all actions, and to pay all sums required to keep the Permanent Financing Interest Letters in full force and effect and shall comply with all conditions thereof and shall promptly execute, acknowledge and deliver all loan applications, credit applications and data, financial statements and loan documents in connection therewith.

The approval or disapproval of any Permanent Lender shall not constitute a waiver of any breach or violation of this Agreement by the Developer that is a result of acts that are or purport to be in compliance with or in furtherance of the Permanent Loans.

6. DEVELOPER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Developer itself or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The non-discrimination and non-segregation covenants set forth herein shall remain in effect in perpetuity.

6.1. Form of Non-discrimination and Non-segregation Clauses.

Developer shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

7. DEVELOPER'S CONSTRUCTION AND OTHER COVENANTS

7.1. Indemnification

From and after the date hereof, Developer agrees to and does hereby indemnify, defend and save harmless HACOLA and the County and the HACOLA/County Representatives from and against any and all suits, claims, demands, costs, expenses, damages, awards, liens, judgments, attorney's fees or other losses and liabilities (collectively, "**Losses and Liabilities**"), which Losses and Liabilities arise directly or indirectly from or in connection with Developer's activities on the Site or in connection with the Project, including, but not limited to Losses and Liabilities respecting bodily injury, death, property damage, workers' compensation, liability or expense arising from or in connection with services performed on behalf of Developer by any person pursuant to this Agreement, and which Losses and Liabilities (i) are based on events which occur or are claimed to have occurred during Developer's inspection or ownership of the Site or ownership of the Project, (ii) result directly or indirectly from Developer's inspection or ownership or sale of the Site or any portion thereof or ownership or sale of the Project or any portion thereof, or (iii) result directly or indirectly from HACOLA entering into this Agreement or making the HACOLA Secondary Financing Loans. This covenant shall survive the termination of this Agreement and the sale of all of the Units in the Project.

7.2. Audit by State and Federal Agencies

Developer agrees that in the event this Agreement or the Industry Land Acquisition Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, it shall be responsible for complying with such inspections and paying, on behalf of itself and HACOLA, the full amount of the liability to the funding agency resulting from such inspections.

7.3. Program Evaluation and Review

Developer shall allow HACOLA authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Developer's staff and program participants, as reasonably required by HACOLA until the termination of this Agreement.

7.4. Hazardous Materials.

The Developer covenants that it shall use and maintain the Site in compliance with all Governmental Restrictions applicable to Hazardous Materials, as hereinafter defined, including specifically but without limitation all recommendations required by the "Phase I" and "Phase II" environmental assessments (provided by HACOLA to Developer without warranty or representation). Developer further represents, warrants and covenants that it has not and shall not deposit or permit the deposit of Hazardous Materials in, on, under or upon the Site or the Project. Developer further covenants and agrees to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on, under or upon the Site or the Project as of the date hereof or which are deposited in, on, under or upon the Site or the Project from and after the date hereof and during Developer's inspection or ownership of the Site or ownership of the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of the applicable Governmental Restrictions. The foregoing shall not be construed or understood to prohibit Developer from allowing Hazardous Materials to be brought upon the Site or the Project so long as they are materials which are customary and common to the normal course of business in the construction of well-designed housing and so long as such materials are used, stored and disposed of in accordance with all applicable Governmental Restrictions. Developer agrees to indemnify, defend and hold HACOLA and County and HACOLA/County Representatives harmless from and against any Losses and Liabilities arising directly or indirectly out of the presence of Hazardous Materials in, on, under or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on, under or upon the Site or the Project from and after the date hereof and during Developer's ownership or inspection of the Site or ownership of the Project, including without limitation any Losses and Liabilities arising out of any deposits of Hazardous Materials as described hereinabove or out of Developer's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Developer hereby releases, waives and discharges HACOLA and County and HACOLA/County Representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all Losses and Liabilities arising out of or in any way connected with

Developer's ownership of the Site or Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Developer acknowledges that it is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Developer's Initials

For purposes of this Agreement, the term "**Hazardous Materials**" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 6901 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

7.5. Construction Loan Defaults

Developer shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Construction Financing. Developer shall provide to HACOLA a copy of any notice of default within three (3) business days after receiving any notice of a default or alleged default of such covenants by Developer, and Developer shall promptly cure any such default and cooperate in permitting HACOLA, to the extent HACOLA in its sole discretion elects to do so, to cure or assist in curing the default (as is otherwise described in Section 4.13 above). Any cost or expenditure incurred by HACOLA in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the Industry Land Acquisition Loan.

8. INDEPENDENT CONTRACTOR

In their performance of this Agreement, both Parties will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the agents or employees of the other Party for any purpose whatsoever, including workers' compensation liability. Developer shall bear the sole responsibility and liability for furnishing or causing the General Contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Developer pursuant to this Agreement.

9. ASSIGNMENT OF THIS AGREEMENT

This Agreement shall be assignable by Developer only if Developer obtains the prior express written consent of HACOLA, which consent may be withheld by HACOLA in its sole and absolute discretion. Notwithstanding anything herein to the contrary, no purported assignment of this Agreement or the Industry Land Acquisition Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Restrictions. HACOLA's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by HACOLA including, without limitation, any and all documents deemed necessary by HACOLA to provide for said assignee's assumption of all of the obligations of Developer hereunder and under the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, and all other documents executed in connection therewith, and (ii) HACOLA's approval of the financial and credit-worthiness of such proposed assignee and the assignee's ability to perform all of Developer's obligations under this Agreement and all documents executed in connection herewith.

Any attempt by Developer to assign any performance or benefit under the terms of this Agreement, without the prior written consent of HACOLA as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Developer's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of HACOLA, HACOLA may, at its option, by written notice to Developer, declare Developer in default under this Agreement.

10. EVENTS OF DEFAULT AND REMEDIES

10.1. Developer Events of Default

The occurrence of any of the following shall, after the giving of any notice described therein, (to the extent required) constitute an event of default by Developer hereunder ("**Event of Default**"):

(a) The failure of Developer to pay or perform any monetary covenant or obligation hereunder or under the terms of the Industry Land Acquisition Promissory Note or the Industry Land Acquisition Deed of Trust;

(b) The failure of Developer to perform any non-monetary covenant or obligation hereunder or under the Industry Land Acquisition Note or the Industry Land Acquisition Deed of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from HACOLA (or from any party authorized by HACOLA to deliver such notice as identified by HACOLA in writing to Developer) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Developer commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 10.1;

(c) The material falsity of any representation or breach of any warranty or covenant made by Developer under the terms of this Agreement;

(d) Developer or any constituent member or partner, or majority shareholder, of Developer shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated a bankrupt or insolvent or (v) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Developer, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Developer or any constituent member or partner, or majority shareholder, of Developer, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Developer or of all or any substantial part of Developer's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Developer, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(g) Developer shall suffer or attempt to effect an assignment of this Agreement or a Transfer in violation of Section 9 above or Section 27 below; or

(h) Developer shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

10.2. Remedies

Upon the occurrence of an Event of Default hereunder, HACOLA may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Developer, except in the case of a default by Developer under Section 10.1(a) or (c) through (h) in which event no notice shall be required, declare the entire then unpaid principal balance of the Industry Land Acquisition Note immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived by Developer. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Industry Land Acquisition Note or the Industry Land Acquisition Deed of Trust shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 1.3 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of HACOLA, to collect the amounts then due and thereafter to become due hereunder and under the Industry Land Acquisition Promissory Note, to exercise its rights under the Industry Land Acquisition Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Developer under this Agreement or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 1.3 above, upon the occurrence of an Event of Default which is occasioned by Developer's failure to pay money, whether under this Agreement or under the Industry Land Acquisition Promissory Note, HACOLA may, but shall not be obligated to, make such payment. If such payment is made by HACOLA, Developer shall deposit with HACOLA, upon written demand therefor, such sum plus interest at the Default Rate, as set forth in the Industry Land Acquisition Promissory Note. In either case, the Event of Default with respect to which any such payment has been made by HACOLA shall not be deemed cured until such repayment (as the case may be) has been made by Developer. Until repaid, such amounts shall be secured by the Industry Land Acquisition Deed of Trust;

(4) Subject to the nonrecourse provisions of Section 1.3 above, upon the occurrence of an Event of Default described in Section 10.1 (d) or (e) hereof, HACOLA shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Industry Land Acquisition Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of HACOLA and its counsel to protect the interests of HACOLA and to collect and receive any monies or other property in satisfaction of its claim;

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Developer of the construction of the Project, the Developer, at the demand of HACOLA, shall make the following payments to HACOLA which shall be deemed to fully discharge the Industry Land Acquisition Promissory Note: (i) any sums disbursed to Developer under the Industry Land Acquisition Loan; (ii) all interest accruing on (A) the Industry Land Acquisition Promissory Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under the Industry Land Acquisition Promissory Note; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to HACOLA, including, without limitation, lost opportunity costs, any difference between the Industry Land Acquisition Loan and any sum required to be expended by HACOLA and/or HACOLA in connection with the development of the Site by another developer and other like costs; and

(6) pursue any and all other remedies available to HACOLA at law or in equity.

10.3. No Remedy Exclusive

No remedy herein conferred upon or reserved to HACOLA is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as HACOLA may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by HACOLA. In order to entitle HACOLA to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

10.4. HACOLA Default and Developer Remedies

Upon the failure of HACOLA to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Developer specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Developer may, as its sole and exclusive remedies:

(a) Demand and obtain payment from HACOLA of any sums due to or for the benefit of Developer pursuant to the express terms of this Agreement;

(b) Bring an action in equitable relief seeking the specific performance by HACOLA of the terms and conditions of this Agreement or seeking to enjoin any act by HACOLA which is prohibited hereunder; and/or

(c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Developer shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from HACOLA arising out of or in connection with this Agreement, and in connection with such waiver Developer acknowledges that Developer is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Developer's Initials

11. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES

In the event that either Party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Agreement, the Industry Land Acquisition Deed of Trust, the Industry Land Acquisition Promissory Note as a consequence of any breach by the other Party of its obligations thereunder, the prevailing Party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing Party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing Party in any lawsuit on this Agreement or any of the documents executed in connection herewith shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Developer agrees to pay or reimburse HACOLA, upon demand by HACOLA, for all costs incurred by HACOLA in connection with the enforcement of this Agreement or any of the documents executed in connection herewith, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Developer any proceedings under any federal or state bankruptcy or insolvency laws, whether HACOLA is a creditor in such proceeding or otherwise.

12. RIGHT OF ACCESS AND INSPECTION

HACOLA and the County shall have the right at any time during normal business hours to enter upon the Site for purposes of inspection. If HACOLA in its reasonable discretion determines that any work or materials, actions or expenditures are not in conformity with this Agreement or any applicable Governmental Restrictions, HACOLA shall give the Developer notice of this nonconformity and consult with the Developer regarding cure of the matter. HACOLA may then, at its election and without any obligation to do so, itself cure the matter if the Developer has not done so as soon as reasonably practicable, but, in any event, within thirty (30) days after HACOLA's notice to the Developer. Such cure by HACOLA may include, without limitation, stopping the work and ordering replacement or correction of any such work or materials regardless of whether or not such work or materials have theretofore been used in the construction of any portion of the Project.

Developer shall reimburse HACOLA, upon demand from HACOLA, for the costs of any such cure performed by HACOLA. Inspection by HACOLA or the County of the Project or the Site or any construction thereof is for the sole purpose of protecting HACOLA and is not to be construed as an acknowledgment, acceptance or representation by HACOLA or the County that there has been compliance with any Plans approved pursuant to this Agreement, or any terms or provisions of this Agreement, or any Governmental Restrictions, or that the Project or the Site or any of the construction thereof is or will be free of faulty materials or workmanship.

13. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY

No County/HACOLA Representative shall have any personal interest, direct or indirect, in this Agreement, nor shall any County/HACOLA Representative participate in any decision relating to this Agreement which affects such County/HACOLA Representative's pecuniary interest in any corporation, partnership or association in which County/HACOLA Representative is directly or indirectly interested. No County/HACOLA Representative shall be personally liable in the event of a breach of this Agreement by HACOLA.

14. AMENDMENTS, CHANGES AND MODIFICATIONS

This Agreement may not be amended, changed, or modified without the prior written consent of the parties hereto.

15. EXECUTION OF COUNTERPARTS

This Agreement with exhibits constitutes the entire understanding and agreement of the parties and may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

16. NOTICES

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

If to HACOLA	Housing Authority of the County of Los Angeles Two Coral Circle Monterey Park, California 91755-7425 Attn: Executive Director
With a copy to:	Housing Authority of the County of Los Angeles Two Coral Circle Monterey Park, California 91755-7425 Attn: Director of Housing Development and Preservation

With copies to:

17. SEVERABILITY

18. INTERPRETATION

19. NO WAIVER; CONSENTS

20. GOVERNING LAW

21. COMPLIANCE WITH LAWS

Disposition and Development Agreement

rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; local fair housing laws; prevailing wage laws (e.g. California Labor Code Section 1720 et seq., Davis-Bacon Act (40 U.S.C. 276a), and any other applicable federal, state, and local law. If applicable, Developer shall comply with the environmental mitigation measures specified in the "Environmental Special Conditions", attached hereto as Exhibit "O". Developer shall indemnify, defend and hold HACOLA harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Developer's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by HACOLA.

22. HACOLA REQUIREMENTS

Developer shall comply with the provisions set forth in Exhibit "P" to this Agreement.

23. ACCESS AND RETENTION OF RECORDS

Developer shall provide access to HACOLA, any Federal agency providing funds to be used for the Project, the Comptroller General of the United States, or any of their duly authorized representatives to any books, for the purpose of making audits, examinations, excerpts and transcriptions, all documents, papers and records of the Developer which are directly pertinent to the construction of the Project and this Agreement. Developer is required to retain the aforementioned records for a period of five (5) years after the end of the Term of this Agreement. In addition to the books and records described above, upon seventy-two (72) hours written notice, at any reasonable time during such time as this Agreement is in effect, Developer shall prepare and submit to HACOLA, all additional reports (other than the progress reports required to be prepared under Section 4.6 above) reasonably required by HACOLA or its representatives which in the reasonable judgment of HACOLA and its representatives may be relevant to a question of compliance with this Agreement or the Industry Land Acquisition Deed of Trust. Developer shall also retain all such reports, records and data relating to the Project for the five-year period described above. In the event any litigation, claims or audit is started during the period when this Agreement is in effect, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

24. REPRESENTATIONS AND WARRANTIES OF DEVELOPER

Developer hereby warrants and represents to HACOLA that:

24.1. Organization and Standing

Developer is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California, and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust and all other documents executed in connection herewith.

24.2. Enforceability

This Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, and all other instruments to be executed by Developer in connection herewith constitute the legal, valid and binding obligation of Developer, without joinder of any other party.

24.3. Authorization and Consents

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Developer and have been duly authorized by all necessary action of Developer's members, partners, directors, officers and shareholders.

24.4. Due and Valid Execution

This Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Developer.

24.5. Licenses

Developer will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to develop and sell the Units.

24.6. Litigation and Compliance

To Developer's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Developer which could materially impair its ability to perform its obligations under this Agreement, nor is Developer in violation of any applicable Governmental Restrictions which could materially impair Developer's ability to perform its obligations under this Agreement.

24.7. Default

To Developer's current actual knowledge, there are no facts now in existence which would,

with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 10 above.

24.8. No Violations

The execution and delivery of this Agreement, the Industry Land Acquisition Promissory Note, the Industry Land Acquisition Deed of Trust, and all other documents executed or given hereunder, and the performances thereunder by Developer, as applicable, will not constitute a breach of or default under any instrument or agreement to which Developer may be a party nor, to Developer's current actual knowledge, will the same constitute a breach of or violate any applicable Governmental Restrictions.

25. APPROVALS

With respect to those matters set forth hereinabove providing for HACOLA's approval, consent or determination, such approval, consent or determination may be given or withheld at HACOLA's sole and absolute discretion, unless otherwise expressly stated in this Agreement.

Any review or approval of any matter by HACOLA or any HACOLA official or employee under this Agreement shall be solely for the benefit of HACOLA, and neither Developer nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Developer and not HACOLA shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the Plans, and the safety of the Project construction sites, the completed Project, and the operation thereof.

26. GOOD FAITH AND FAIR DEALING; TIME OF ESSENCE

HACOLA and Developer agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing. Time is of the essence with respect to the rights and obligations of the Parties under this Agreement.

27. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT

Without the prior written approval of HACOLA, which approval HACOLA may withhold in its sole and absolute discretion, Developer shall not (i) sell, encumber, assign or otherwise transfer (collectively, "**Transfer**") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Agreement, as further described in Section 9 above. Developer hereby agrees that any purported Transfer not approved by HACOLA as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Developer under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

At any time Developer desires to effect a Transfer hereunder, Developer shall notify

HACOLA in writing (the “**Transfer Notice**”) and, except with respect to a sale of a Unit in the Project in the ordinary course of Developer’s business and in full compliance with this Agreement, shall submit to HACOLA for its prior written approval (i) all proposed agreements and documents (collectively, the “**Transfer Documents**”) memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Developer and the proposed transferee to HACOLA sufficient to establish and insure that all requirements of this Section 27 have been and will be met. No Transfer Documents shall be approved by HACOLA unless they expressly provide for the assumption by the proposed transferee of all of Developer’s obligations hereunder. The Transfer Notice shall include a request that HACOLA consent to the proposed Transfer. HACOLA agrees to make its decision on Developer’s request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after HACOLA receives the last of the items required by this Section 27. In the event HACOLA consents to a proposed Transfer, then such Transfer shall not be effective unless and until HACOLA receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Developer to HACOLA. Upon the effectiveness of any such Transfer, Developer shall be released from its obligations hereunder only if the written HACOLA consent expressly provides such a release. Except as expressly provided herein to the contrary, all Developer obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding anything in this Agreement which may be or appear to be to the contrary, Developer agrees that it shall not be permitted to make any Transfer, whether or not HACOLA consent is required therefor and even if HACOLA has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to HACOLA or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 27 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Developer under the terms set forth herein.

The prohibitions against Transfer contained in this Section 27 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of this Agreement. The prohibitions against Transfer contained in this Section 27 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with this Agreement.

In the absence of specific written agreement by HACOLA, no Transfer otherwise approved by HACOLA shall be deemed to relieve the Developer or any other party from any obligations under this Agreement. If the Developer violates any provision of this Section 27, HACOLA may terminate this Agreement immediately upon written notice to Developer.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

HACOLA:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES

By: _____
Carlos Jackson
Its: Executive Director _____

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy

DEVELOPER:

BASSETDALE, LLC,
a California limited liability company

By: _____

Its: _____

TABLE OF EXHIBITS

EXHIBIT "A"	DIRECTORY OF DEFINED TERMS
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EXHIBIT "C"	PROJECT DESCRIPTION
EXHIBIT "D"	SITE PLANS & ELEVATIONS
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EXHIBIT "F"	INDUSTRY LAND ACQUISITION PROMISSORY NOTE
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EXHIBIT "O"	ENVIRONMENTAL SPECIAL CONDITIONS
EXHIBIT "P"	HACOLA REQUIREMENTS

EXHIBIT “A”

DIRECTORY OF DEFINED TERMS

Each of the following terms is defined in the section of the Agreement referenced in parentheses:

Additional Assistance Repayment Amount (Section 1.2)
Affordable Buyer Contribution (Section 5.3)
Affordable Housing Cost (Section 5.3)
Area Median Income (Section 5.1)
Assisted Unit (Recital B)
Assisted Unit Buyer Agreement (Section 5.4)
Assisted Unit Close of Escrow (Section 5.6)
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Construction Commitment (Section 3.1.3.1)
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Construction Lender (Section 4.12.3)
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Developer (Opening Paragraph)
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Development Cost (Section 3.1.3.2)
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HACOLA/County Representatives (Section 4.7)
HACOLA Secondary Financing Deed of Trust (Section 5.3)
HACOLA Secondary Financing Loan (Section 5.3)

HACOLA Secondary Financing Loan Amount (Section 5.3)
 HACOLA Secondary Financing Note (Section 5.3)
 HACOLA Secondary Financing Title Policy (Section 5.5.1.8)
 HACOLA Title Policy (Section 3.1.1.2)
 Hazardous Materials (Section 7.4)
 Industry Land Acquisition Deed of Trust (Section 1.1)
 Industry Land Acquisition Grant Deed (Section 3.1.4.2)
 Industry Land Acquisition Loan (Section 1.1)
 Industry Land Acquisition Promissory Note (Section 1.1)
 Loan Information (Section 5.4)
 Losses and Liabilities (Section 7.1)
 Low Income Households (Section 5.1)
 Non-Assisted Unit (Section 5.1)
 Notice of Disapproval (Section 4.4)
 Partial Reconveyance (Section 5.5.1.15)
 Participating Lender (Section 5.10)
 Party (Opening Paragraph)
 Permanent Financing Interest Letter (Section 5.10)
 Permanent Lender (Section 5.10)
 Permanent Loan (Section 5.10)
 Permitted Senior Encumbrances (Section 3.1.1.2)
 Plans (Section 4.3)
 Project (Section 4.1)
 Proposed Purchaser (Section 5.4)
 Purchase Price (Section 1.1)
 Qualified Buyer (Section 5.1)
 Qualified Financial Institution (Section 3.1.3.1)
 Reservation Request (Section 5.4)
 Sales Price (Section 5.7)
 Schedule of Performance (Section 2)
 Senior Construction Financing (Recital D)
 Senior Construction Lender (Section 3.1.3.1)
 Site (Recital A)
 Submissions (Section 3.1.3.3)
 Term (Section 5.1)
 Tertiary Financing Amount (Section 5.3)
 Tertiary Financing Deed of Trust (Section 5.3)
 Tertiary Financing Note (Section 5.3)
 Title Company (Section 3.1.1.1)
 Transaction Documents (Section 3.1.4.5)
 Transfer (Section 27)
 Transfer Documents (Section 27)
 Transfer Notice (Section 27)
 Unit (Section 4.1)
 Unpermitted Lien (Section 4.11)

EXHIBIT "B"

SITE LEGAL DESCRIPTION

ORDER NO. 7002909-23

(LEGAL DESCRIPTION)

TENTATIVE TRACT NO. 60123, BEING A SUBDIVISION OF:

THAT PORTION OF LOT 6 IN BLOCK 29 OF TRACT NO. 1343, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20 PAGES 10 AND 11 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST WESTERLY CORNER OF SAID LOT 6; THENCE ALONG THE SOUTHWESTERLY LINE OF SAID LOT 6, SOUTH 21° 57' 40" EAST 687.63 FEET; THENCE NORTH 67° 14' 27" EAST 175.00 FEET; THENCE NORTH 21° 57' 40" WEST 153.95 FEET; THENCE NORTH 67° 14' 27" EAST 324.61 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF SAID LOT 6; THENCE ALONG THE SAID NORTHEASTERLY LINE NORTH 50° 03' 20" WEST 597.48 FEET; MORE OR LESS TO THE MOST NORTHERLY CORNER OF SAID LOT 6; THENCE ALONG THE NORTHWESTERLY LINE OF SAID LOT 6, SOUTH 67° 57' 00" WEST 218.19 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL OIL AND MINERAL RIGHTS OF SAID LAND, AS RESERVED BY CROSS LAND COMPANY, IN DEED RECORDED ON OCTOBER 28, 1921 IN BOOK 639 PAGE 117, OF OFFICIAL RECORDS

ALSO EXCEPT THEREFROM THE PRECIOUS METALS AND ORES THEREOF AS EXCEPTED IN THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

NOTE: THE ABOVE LEGAL DESCRIPTION IS FOR THE SOLE PURPOSE OF THIS REPORT AND MAY NOT BE CONSIDERED FOR USE IN ANY POLICY OF TITLE INSURANCE TO BE ISSUED BY THIS COMPANY, AND IS SUBJECT TO CHANGE.

EXHIBIT "C"

PROJECT DESCRIPTION

PROJECT DESCRIPTION

The Oak Glen development is located at 600 Bassetdale Avenue in the unincorporated community of Avocado Heights. The Development will create a neighborhood of 45 two-story single-family detached homes. The site was located and purchase price was negotiated by Bassetdale LLC. Based on an understanding between the Housing Authority of the County of Los Angeles (HACOLA) and Bassetdale LLC the site was subsequently acquired by HACOLA for purposes of providing affordable homes. Through the Disposition and Development Agreement and arrangements made between HACOLA and Bassetdale LLC the project will be comprised of 23 affordable and 22 market rate units.

The site was previously owned by a local church and used as a private park. The site is approximately 5 acres and the topography slopes slightly from west to east and because of this characteristic, retaining walls will be used to improve the topography of the site. As part of the design, Bassetdale LLC worked closely with adjacent neighbors and community groups to address any concerns of the new development. A great deal of input was received and many of the recommendations from neighbors were implemented into the design. All engineering and design was completed by Bassetdale LLC and John Abell Engineering Inc., and includes new sewer and water systems, street lights along Bassetdale Avenue, private driveways and ample landscaping along the main driveway and along Bassetdale Avenue to help buffer and protect perimeter walls from vandalism.

The homes are 4 bedroom with 2 ½ bathrooms with an attached two-car garage. The homes will range in size from approximately 1,550 to 1,867 square feet. The proposed unit mix is as follows:

Plan	Size	Quantity
204	1,550	8
401	1,850	17
501	1,750	20

The design concept of detached single-family Spanish Colonial, French Country and Craftsman Style community was chosen to address issues of compatibility with the surrounding neighborhood, design trends, traffic, parking, urban clutter, privacy, landscaping, energy efficiency and perimeter elevations. The two-story designs were chosen because the mixture allows the modulation of building mass along the street to avoid creating a narrow appearance. All the homes have front yard landscaping and at least one street tree per lot, providing an attractive streetscape for the neighborhood. Exterior elevations include use of masonry, decorative posts, porches, wood trim on windows and corbelled build-outs. Custom siding and trim, varied window grids, planter boxes, gables hips, fascia and open tails at roof edges add to the attractiveness. Homes will have concrete tile and/or S-type roofs. Attached garages with direct access to the homes, provide an important security feature. New street lights provide additional security and under grounding all utility lines eliminates some of the existing neighborhood clutter. Perimeter decorative masonry walls and a generous amount of landscape provide for an attractive streetscape.

The project is located within $\frac{1}{4}$ of a mile of major thoroughfares (Valley Blvd. and Workman Mill Road). Public transit, shopping and employment centers are in the immediate vicinity or can be reached by the public transit systems, which are in close proximity to the project. The 605 and 60 freeways are located approximately a mile from the development, offering access to surrounding communities.

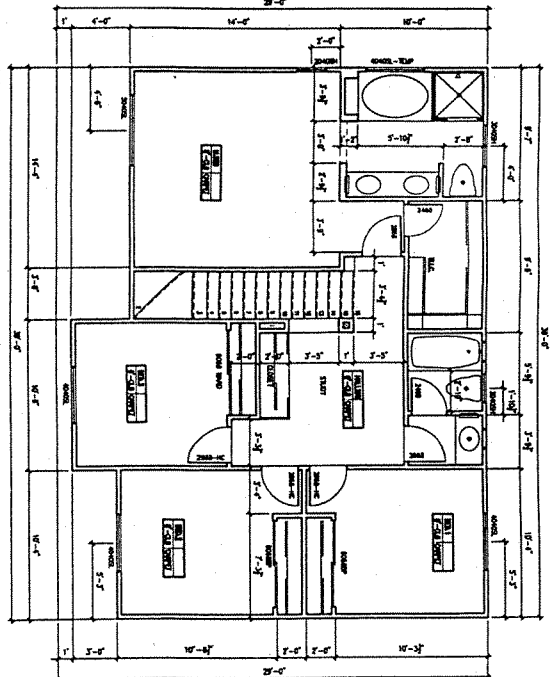
EXHIBIT "D"

SITE PLANS AND ELEVATIONS

PROPOSED 100-UNIT APARTMENT COMPLEX
1000 WEST 10TH STREET, LOS ANGELES, CA 90006
JULY 1988
J. L. HARRIS & ASSOCIATES, INC.

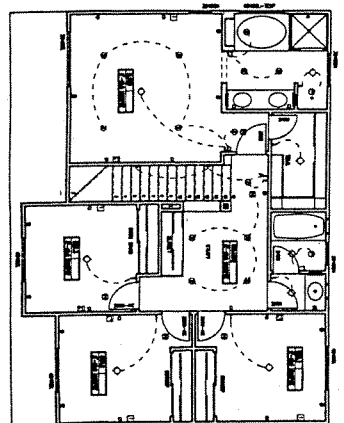
EQUIPMENT FOR BOPLES AND EQUESTRIAN
AND PUBLIC UTILITY PURPOSES AS
REQUIRED IN OIA 3284-86.

PRELIMINARY
SITE PLAN 1"=30'-0"



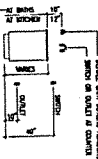
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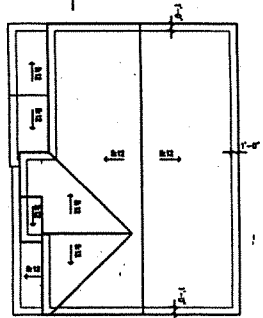
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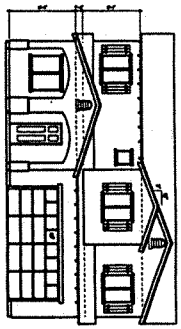
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SCALE: 3/16"=1'-0"

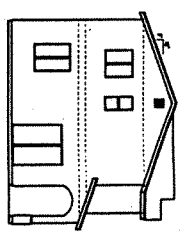
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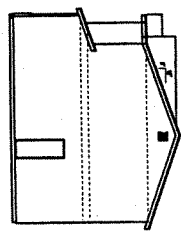
204-A-ROOF PLAN
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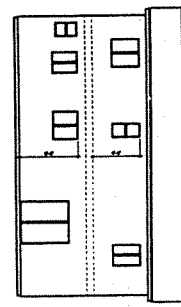
204-A-FRONT ELEVATION
SCALE: 1/8"=1'-0"



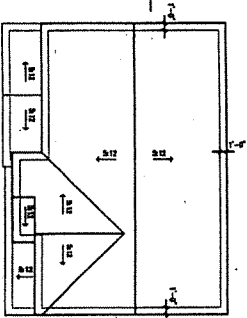
204-A-LEFT ELEVATION
SCALE: 1/8"=1'-0"



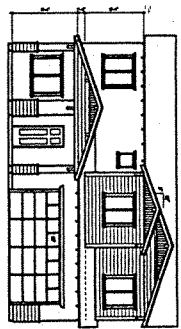
204-A-RIGHT ELEVATION
SCALE: 1/8"=1'-0"



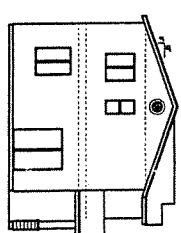
204-A-REAR ELEVATION
SCALE: 1/8"=1'-0"



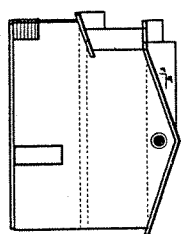
204-B-ROOF PLAN
SCALE: 1/8"=1'-0"



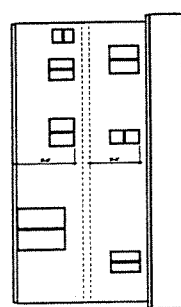
204-B-FRONT ELEVATION
SCALE: 1/8"=1'-0"



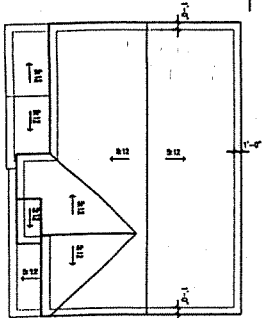
204-B-LEFT ELEVATION
SCALE: 1/8"=1'-0"



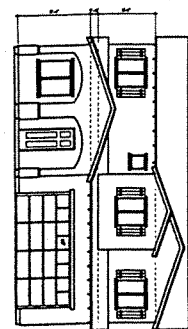
204-B-RIGHT ELEVATION
SCALE: 1/8"=1'-0"



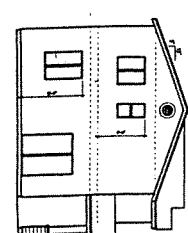
204-B-REAR ELEVATION
SCALE: 1/8"=1'-0"



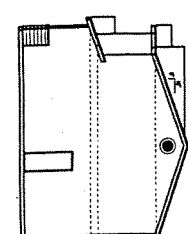
204-C-ROOF PLAN
SCALE: 1/8"=1'-0"



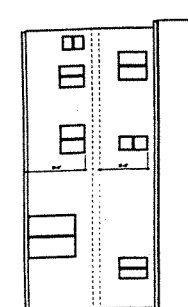
204-C-FRONT ELEVATION
SCALE: 1/8"=1'-0"



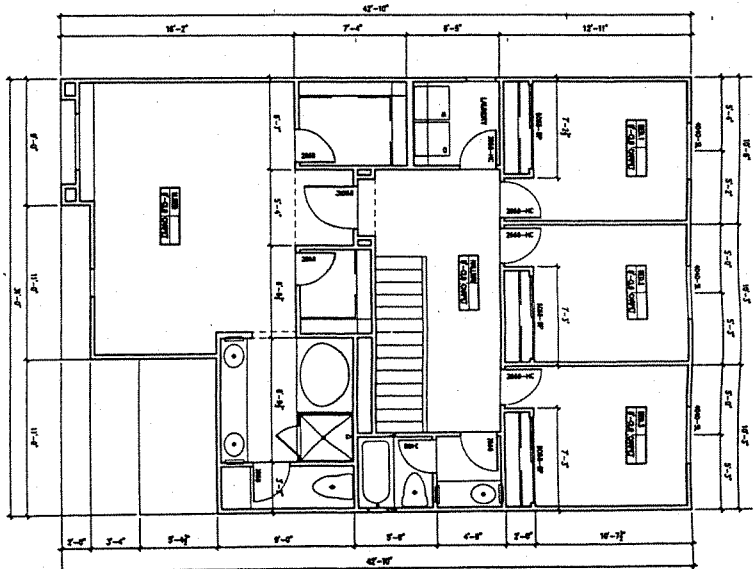
204-C-LEFT ELEVATION
SCALE: 1/8"=1'-0"



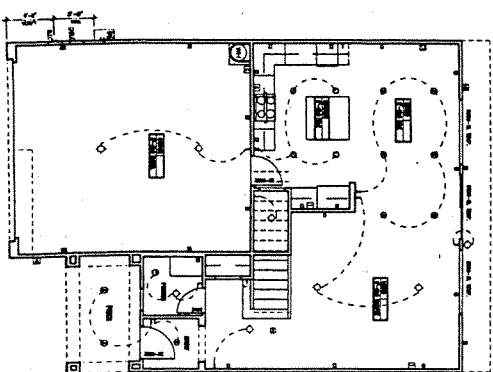
204-C-RIGHT ELEVATION
SCALE: 1/8"=1'-0"



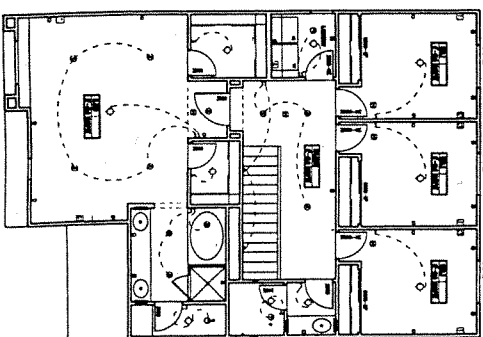
204-C-REAR ELEVATION
SCALE: 1/8"=1'-0"



401-SECOND FLOOR PLAN



401-1ST FLOOR
ELECTRICAL PLAN
SCALE: 3/8"=1'-0"

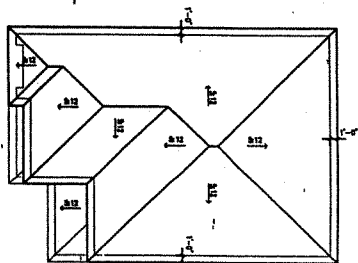


401-2ND FLOOR
ELECTRICAL PLAN

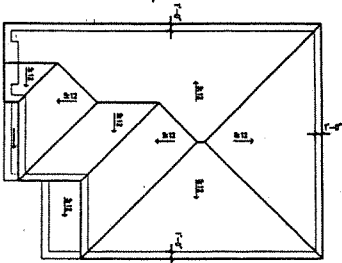
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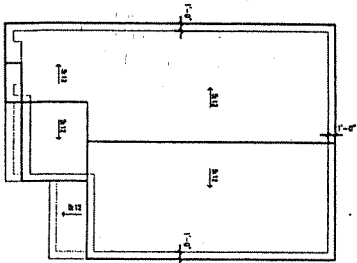


401-A-ROOF PLAN
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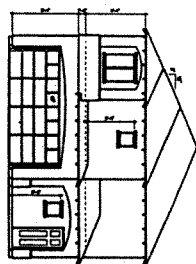


401-B-ROOF PLAN

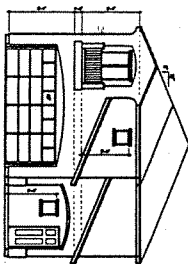
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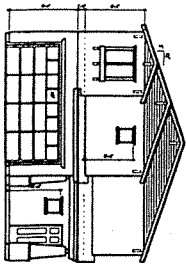
401-C-ROOF PLAN



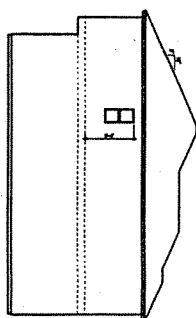
401-A-FRONT ELEVATION
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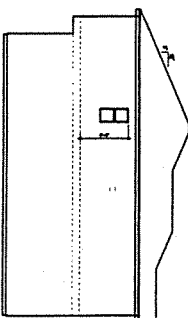
401-B-FRONT ELEVATION
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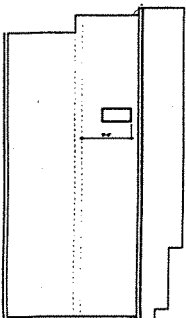
401-C-FRONT ELEVATION
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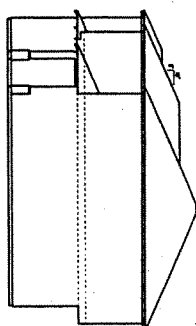
401-A-LEFT ELEVATION



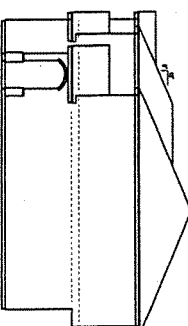
401-B-LEFT ELEVATION



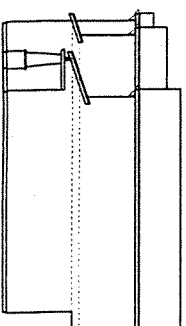
401-C-LEFT ELEVATION



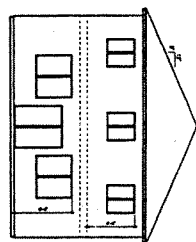
401-A-RIGHT ELEVATION



401-B-RIGHT ELEVATION

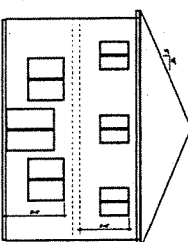


401-C-RIGHT ELEVATION

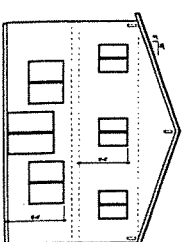


401-A-REAR ELEVATION

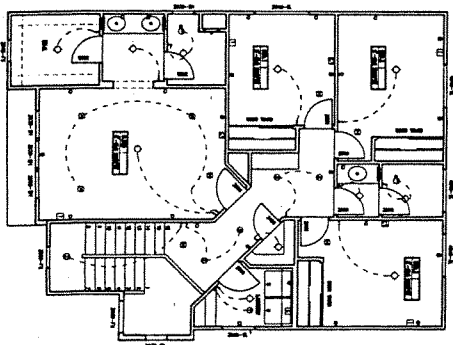
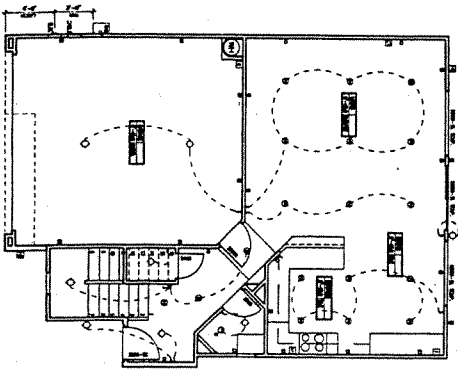
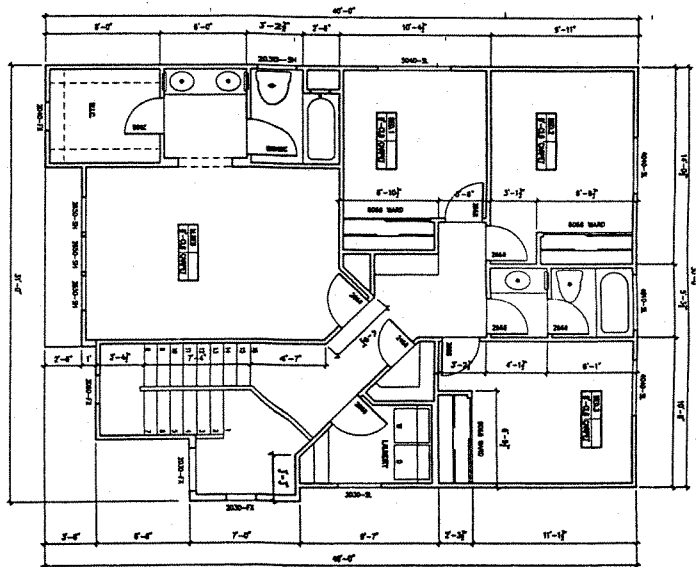
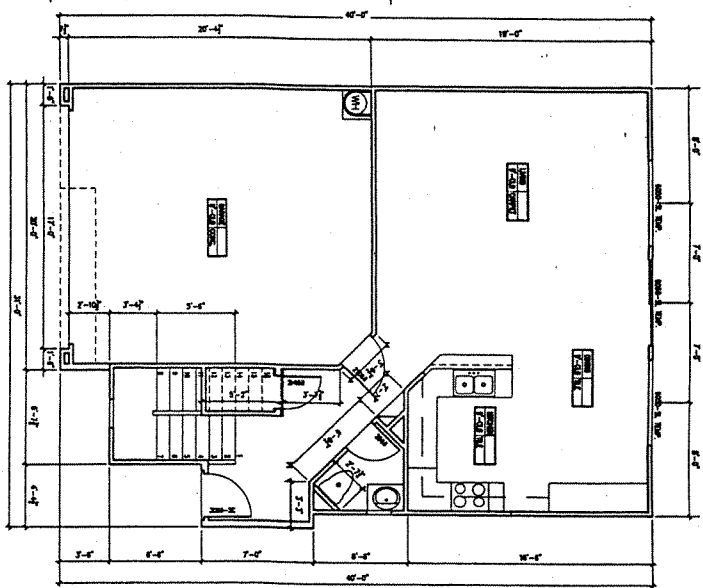
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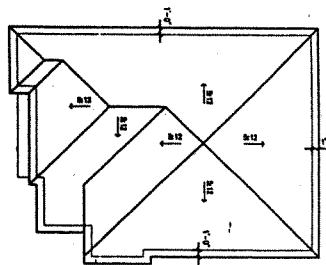


401-B-REAR ELEVATION



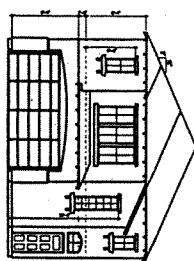
401-C-REAR ELEVATION
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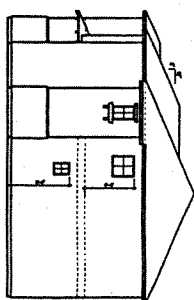
501-A-ROOF PLAN

SCALE: 1/8"=1'-0"



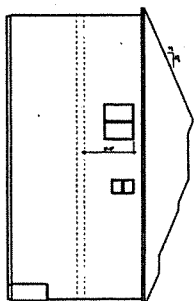
501-A-FRONT ELEVATION

SCALE: 1/8"=1'-0"



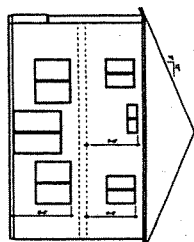
501-A-LEFT ELEVATION

SCALE: 1/8"=1'-0"



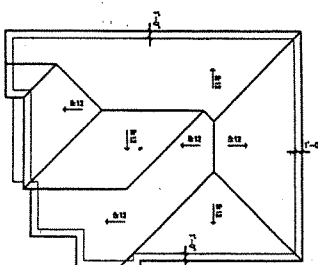
501-A-RIGHT ELEVATION

SCALE: 1/8"=1'-0"



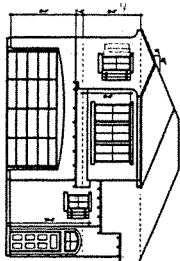
501-A-REAR ELEVATION

SCALE: 1/8"=1'-0"



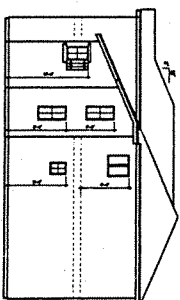
501-B-ROOF PLAN

SCALE: 1/8"=1'-0"



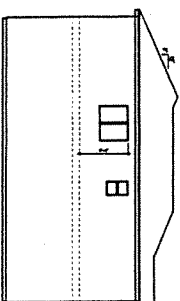
501-B-FRONT ELEVATION

SCALE: 1/8" = 1'-0"



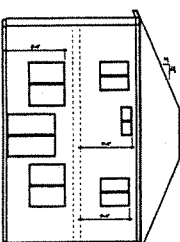
501-B-LEFT ELEVATION

SCALE: 1/8" = 1'-0"



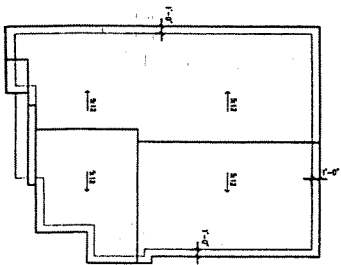
501-B-RIGHT ELEVATION

SCALE: 1/8"=1'-0"



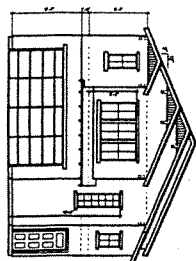
501-B-REAR ELEVATION

SCALE: 1/8"=1'-0"



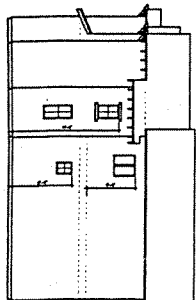
501-C-ROOF PLAN

SCALE: 1/8" = 1'-0"



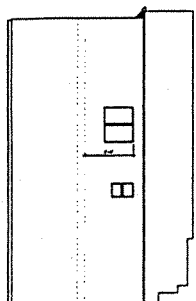
501-C-FRONT ELEVATION
SCALE: 1/8"=1'-0"

SCALE: 1/8" = 1'-0"



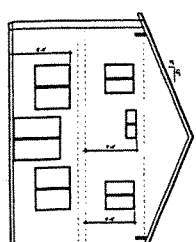
501-C-LEFT ELEVATION
SCALE

SCALE: 1/8"=1'-4"



501-C-RIGHT ELEVATION
SCALE: 1/4" = 1'-0"

SCALE: 1/8"=1'-4"



501-C-REAR ELEVATION
SCALE: 1/8"=1'-0"

SCALE: 1/8"=1'-0"

EXHIBIT "E"

FINANCING ASSUMPTIONS

PROJECT COST BREAKDOWN

CDC BUDGET

04/26/05

PROJECT NAME: 600 Basetdale

BORROWER: Abell-Helou

PREPARED BY: GFN

THIS COST BREAKDOWN HAS BEEN PREPARED FOR PHASE(S) #: ? OF ?

OF UNITS: 45 # OF SQ. FT. BUILT: 76,410

PLEASE ENTER 0'S WHERE NO COST WILL BE INCURRED.
IF A COST IS INCLUDED IN ANOTHER CATEGORY, PLEASE INDICATE IN WHICH CATEGORY YOU HAVE LISTED THE COST.

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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100 LAND

100	LAND PURCHASE PRICE	\$2,528,176		\$2,528,176	\$0	\$2,528,176
	(PLEASE LIST ONLY THE PRICE OF THE LAND AND DO NOT INCLUDE CLOSING COSTS.)					
	(LAND CLOSING AND RELATED COSTS ARE LISTED UNDER SOFT COSTS)					
	TOTAL LAND COSTS	\$2,528,176		\$2,528,176	\$0	\$2,528,176

200's FEES

	(PLEASE LIST EACH FEE SEPARATELY AND INDICATE WHETHER THE FEE IS PAYABLE @ MAP OR @ PERMIT)					
201	SCHOOL FEES	\$157,650	\$2.06 PER S.F.		\$157,650	\$0
202	WATER FEES	18,500			18,500	0
203	SEWER FEES	28,500			28,500	0
204	SANITATION DIST. FEES	62,550	1,390 per connection		62,550	0
205	FIRE DEPARTMENT FEES				0	0
206	PARK FEES	82,500			82,500	0
207	TRAFFIC IMPACT FEES				0	0
208	LIBRARY FEES	29,835	663 per unit		29,835	0
209					0	0
210					0	0
211	LAND DEV. PLANS & CHECKS	68,500			68,500	0
212	LAND DEVELOPMENT PERMITS	65,000			65,000	0
213	MISC. MAP RELATED COSTS	38,500			38,500	0
214	PERFORMANCE BOND	10,500			10,500	0
215	TAX BOND	2,500			2,500	0
	SUBTOTAL	564,535		0	564,535	0
216	CONTINGENCY @ 3% LESS PPD.	16,936			16,936	0
	TOTAL FEES	\$581,471		\$0	\$581,471	\$0

300's PLAN CHECK & BUILDING PERMITS

301	ARCH. PLAN CHECK	12,500	\$2,500 per plan		\$12,500	\$0
302	BUILDING PERMITS	159,750	\$3,550.00 per home		159,750	0
303	NOTICE OF COMPLETIONS	NA			0	0
304	CERTIFICATES OF OCCUPANCY	2,500			2,500	0
305					0	0
	SUBTOTAL	174,750		0	174,750	0
306	CONTINGENCY @ 3% LESS PPD.	5,243			5,243	0
	TOTAL PLAN CHECK AND PERMITS	\$179,993		\$0	\$179,993	\$0

600 Basetdale

45 UNITS

CDC BUDGET

Abell-Helou

76,410 S.F.

04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
400's LAND DEVELOPMENT						
401	CIVIL ENGINEER	\$105,000			\$105,000	\$0
402	SOILS & GEOLOGICAL	\$32,500			32,500	0
403	CONSTRUCTION STAKE	\$26,500			26,500	0
404	SUPERVISION FOR LAND DEV.	\$52,000			52,000	0
405	SIGNS & BARRICADES	\$3,500			3,500	0
406	PREDEVELOPMENT OH	\$90,000			90,000	0
407	CLEAR & GRUBB	\$30,000			30,000	0
408	DEMOLITION	\$35,000			35,000	0
409	ROUGH GRADING	\$305,000			305,000	0
410	FINISH GRADING	\$85,000			85,000	0
411	EROSION CONTROL	\$10,500			10,500	0
412	DRAINAGE	\$25,000			25,000	0
413	WATER SYSTEMS	\$225,000			225,000	0
414	SEWER SYSTEM	\$145,000			145,000	0
415	STORM DRAINS	\$35,500			35,500	0
416	DRY UTILITIES	\$110,000			110,000	0
417	UTILITY DEPOSITS	\$22,000			22,000	0
418	STREET PAVING	\$98,500			98,500	0
419	SIDEWALK	\$55,000			55,000	0
420	CURB & GUTTER	\$52,500			52,500	0
421	STREET LIGHTS	\$24,500			24,500	0
422	STREET SIGNS	\$2,500			2,500	0
423	RETAINING WALLS	\$295,000			295,000	0
424	(COMMON AREA COSTS)				0	0
425	ENTRY MONUMENT				0	0
426	PERIMETER WALLS	\$225,000			225,000	0
427	ENTRANCE GATE				0	0
428	POOL, SPA & DECKING				0	0
429	POOL BLDG. / CABANA				0	0
430	POOL FURNITURE				0	0
431	C.A. FENCING & GATES				0	0
432	LANDSCAPE ARCHITECT (C.A.)	\$4,500			4,500	0
433	COMMON AREA LANDSCAPING	\$35,000			35,000	0
434	IRRIGATION SYSTEMS	\$11,500			11,500	0
435	DRAINAGE				0	0
436	C.A. LIGHTING				0	0
437	TRASH ENCLOSURES				0	0
438	FIRE EXTINGUISHERS				0	0
439	MISCELLANEOUS				0	0
	SUBTOTAL	2,141,500		0	2,141,500	0
440	CONTINGENCY @ 5% LESS PP	107,075			107,075	0
	TOTAL LAND DEVELOPMENT	\$2,248,575		\$0	\$2,248,575	\$0

600 Basetdale
Abell-Helou

45 UNITS
76,410 S.F.

CDC BUDGET
04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
500's THRU						
700's DIRECT CONSTRUCTION						
501	TRENCHING				\$0	\$0
502	PEST & VAPOR BARRIER	10,500	0.14		10,500	0
503	CONCRETE - FOUNDATION	475,407			475,407	0
504	CONCRETE FLATWORK	68,500			68,500	0
505	CONCRETE - LITE WEIGHT				0	0
506	CONCRETE - POST TENSION				0	0
507	STRUCTURAL STEEL				0	0
508	ROUGH HARDWARE	IN 510			0	0
509	ROUGH LUMBER	IN 510			0	0
510	CARPENTRY - ROUGH	1,480,000			1,480,000	0
511					0	0
512	ROOFING	179,000			179,000	0
513	GUTTERS & DOWNSPOUTS				0	0
514					0	0
515	SEWER CONNECTIONS	16,500			16,500	0
516	PLUMBING - ROUGH	507,000			507,000	0
517	PLUMBING - FINISH	IN 516			0	0
518	PLUMBING - SINKS/BASINS	IN 516			0	0
519	PLUMBING - TOILETS	IN 516			0	0
520	PLUMBING- FIXTURES	IN 516			0	0
521	TUBS & SHOWERS	IN 516			0	0
522	T & S ENCLOSURES				0	0
523					0	0
524	FIRE SPRINKLERS	NA			0	0
525	FIRE EXTINGUISHERS	NA			0	0
526					0	0
527	ELECTRICAL - ROUGH	165,000			165,000	0
528	ELECTRICAL - FINISH	IN 527			0	0
529	ELECTRICAL - FIXTURES	20,500			20,500	0
530	ELECTRICAL - SECURITY	13,500			13,500	0
531	ELECTRICAL - CABLE TV	IN 527			0	0
532	ELECTRICAL - TELEPHONE	IN 527			0	0
533					0	0
534	HEATING SYSTEM	209,000			209,000	0
535	AIR CONDITIONING				0	0
536					0	0
537	STUCCO / PLASTER	330,500			330,500	0
538	WOOD OR PANEL SIDING				0	0
539	MASONRY SIDING	75,000			75,000	0
540					0	0
541					0	0
	SUBTOTAL PAGE 3	\$3,550,407		\$0	\$3,550,407	\$0

600 Basetdale

45 UNITS

CDC BUDGET

Abell-Helou

76,410 S.F.

04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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600's DIRECT CONSTRUCTION (CONT.)

601	FIREPLACE - MASONRY	NA			\$0	\$0
602	FIREPLACE - PREFAB.	NA			0	0
603	FIREPLACE - HEARTH/ MANTEL	NA			0	0
604					0	0
605	SHEET METAL / FLASHING	51,000			51,000	0
606	INSULATION	58,500			58,500	0
607	WEATHER-STRIPPING				0	0
608					0	0
609	WINDOWS	205,000			205,000	0
610	SLIDING GLASS DOORS	IN 609			0	0
611					0	0
612	SKYLIGHTS	NA			0	0
613	LUMINOUS CEILINGS	NA			0	0
614	DRYWALL	310,500			310,500	0
615					0	0
616	PAINTING - EXTERIOR	108,500			108,500	0
617	PAINTING - INTERIOR	IN 616			0	0
618	WALLPAPER	NA			0	0
619					0	0
620	FINISH CARPENTRY	275,000			275,000	0
621	FINISH LUMBER / MOLDING	IN 620			0	0
622	FINISH HARDWARE	IN 620			0	0
623					0	0
624	DOORS- ENTRY	IN 620			0	0
625	DOORS - INTERIOR	IN 620			0	0
626	DOORS - WARDROBE	IN 620			0	0
627	FRAMES, JAMBS & SASH	IN 620			0	0
628					0	0
629	DOORS - GARAGE	25,500			21,000	0
630	GARAGE DOOR OPENERS				0	0
631					0	0
632	STAIRS	82,500			71,000	0
633	STAIR RAILS	IN 632			0	0
634	CABINETS	182,500			155,000	0
635					0	0
636	MIRRORS	11,000			5,500	0
637					0	0
638	COUNTERTOPS - KITCHEN	75,500			75,500	0
639	COUNTERTOPS - BATHROOM	0			0	0
640					0	0
641					0	0
	SUBTOTAL PAGE 4	\$1,385,500		\$0	\$1,336,500	\$0

600 Basetdale

45 UNITS

CDC BUDGET

Abell-Helou

76,410 S.F.

04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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700's DIRECT CONSTRUCTION (CONT.)

701	FLOORING - CARPET	\$135,500			\$135,500	\$0
702	FLOORING - LINOLEUM	IN 701			0	0
703	FLOORING- TILE	IN 701			0	0
704	FLOORING - HARDWOOD	NA			0	0
705					0	0
706	RANGE / OVEN / HOOD	35,500			35,500	0
707	DISHWASHER	IN 706			0	0
708	DISPOSAL	IN 706			0	0
709	MICROWAVE	IN 706			0	0
710	REFRIGERATOR	NA			0	0
711	SHADES & AWNINGS	NA			0	0
712	MAIL BOXES	8,500			8,500	0
713					0	0
714	CLEAN UP - ROUGH	49,667	0.65 per SF		49,667	0
715	CLEAN UP - FINISH	16,046	0.21 per SF		16,046	0
716					0	0
	SUBTOTAL PAGE 5	\$245,213		\$0	\$245,213	\$0
	PAGE 3 SUBTOTAL	\$3,550,407		\$0	\$3,550,407	\$0
	PAGE 4 SUBTOTAL	1,385,500		0	1,336,500	0
	PAGE 5 SUBTOTAL	245,213	\$ / S.F. \$ / UNIT	0	245,213	0
	COMBINED SUBTOTAL	5,181,120	67.81 115,136	0	5,132,120	0
717	CONTINGENCY @ 5% LESS PP	259,056	3.39 5,757		259,056	0
	TOTAL B4 YARD IMPROVEMENTS	5,440,176	71.20 120,893	\$0	\$5,391,176	\$0
			CONTINGENCY = 5.00%			
	YARD IMPROVEMENTS					
718	FINE GRADING	48,500			48,500	0
719	YARD FENCES	55,000			55,000	0
720	YARD WALLS	25,000			25,000	0
721	GATES	17,500			17,500	0
722	YARD LANDSCAPING	72,000			72,000	0
723	SPRINKLER SYSTEMS	72,000			72,000	0
724					0	0
725					0	0
726					0	0
	SUBTOTAL YARD IMPROVEMENTS	290,000	3.80 6,444	0	290,000	0
727	CONTINGENCY @ 5% LESS PP	14,500	0.19 322		14,500	0
	TOTAL YARD IMPROVEMENTS	304,500	3.99 6,767	0	304,500	0
			TOTAL CONTINGENCY = 5.00%			
	TOTAL DIRECT CONSTRUCTION	\$5,744,676	75.18 127,659	\$0	\$5,695,676	\$0

600 Basetdale
Abell-Helou

45 UNITS
76,410 S.F.

CDC BUDGET
04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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OF

800's INDIRECT COSTS

LUMP SUM MOS. MONTHLY

801		\$0	\$0	0	\$0	\$0	\$0
802	GENERAL CONTRACTOR'S FEE	395,000	\$395,000	0	\$0	395,000	0
803		0	\$0	0	\$0	0	0
804		0	\$0	0	\$0	0	0
805	CONSTRUCTION SUPERVISION	225,000	\$225,000	0	\$0	225,000	0
806		0	\$0	0	\$0	0	0
807	CONSTRUCTION TRAILER	4,500	\$0	18	\$250	4,500	0
808	TRAILER OPERATIONS	6,300	\$0	18	\$350	6,300	0
809	EQUIPMENT RENTAL	5,400	\$0	18	\$300	5,400	0
810	TOOLS	2,500	\$2,500	0	\$0	2,500	0
811	TEMP. FACILITIES	11,700	\$0	18	\$650	11,700	0
812	TEMP. UTILITIES	9,000	\$0	18	\$500	9,000	0
813	WATER METER	5,400	\$0	18	\$300	5,400	0
814		0	\$0	0	\$0	0	0
815		0	\$0	0	\$0	0	0
816	TRASH DISPOSAL	6,300	\$0	18	\$350	6,300	0
817		0	\$0	0	\$0	0	0
818		0	\$0	0	\$0	0	0
819		0	\$0	0	\$0	0	0
820		0	\$0	0	\$0	0	0
821		0	\$0	0	\$0	0	0
822	WATER TRUCK	5,000	\$5,000	0	\$0	5,000	0
823	STREET CLEANING	4,500	\$4,500	0	\$0	4,500	0
824		0	\$0	0	\$0	0	0
825		0	\$0	0	\$0	0	0
826	SECURITY	60,000	\$0	8	\$7,500	60,000	0
827	THEFT & VANDALISM	15,000	\$15,000	0	\$0	15,000	0
828			\$0	0	\$0	0	0
829	HOMEOWNERS WARRANTY	65,475	\$1,455	PER HOME		65,475	0
830						0	0
831						0	0
832						0	0
	SUBTOTAL	821,075	648,455	10,200	0	821,075	0
833	CONTINGENCY @ 3% LESS PP	24,632	\$19,454	306		24,632	0
	TOTAL INDIRECT COSTS	\$845,707	\$667,909	#DIV/0!	\$0	\$845,707	\$0

1200 DEVELOPER'S OVERHEAD

MAX = 5% OF DIRECT CON. + LAND DEV.

1200	TOTAL DEVELOPER'S OVERHEAD	395,000	4.94% OF DIRECT CON. + LAND DEV.		\$395,000	\$0
			1.76% OF SALES VALUE	\$0		

600 Basetdale
Abell-Helou

45 UNITS
76,410 S.F.

CDC BUDGET
04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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OF

900's SOFT COSTS

LUMP SUM MOS MONTHLY

901						
902						
903	LAND BROKER COMMISSION	\$0	\$0		\$0	\$0
904	LAND PURCH. TITLE & ESCROW	0	\$0		0	0
905	LAND PURCH. LEGAL	0	\$0		0	0
906	PRORATED TAXES @ CLOSING	0	\$0		0	0
907		0	\$0		0	0
908		0	\$0		0	0
909	ARCHITECTURAL	65,000	\$65,000		65,000	0
910	STRUCTURAL ENGINEERING	18,500	\$18,500		18,500	0
911	TITLE 24 CALCS	7,500	\$7,500		7,500	0
912	LANDSCAPE ARCHITECT	7,500	\$7,500		7,500	0
913	BLUEPRINTS	14,500	\$14,500		14,500	0
914	SOUND CONSULTANT	0	\$0		0	0
915	LEGAL	7,500	\$7,500		7,500	0
916	ACCOUNTING	35,000	\$35,000		35,000	0
917		0	\$0		0	0
918	INSURANCE - COC	15,500	\$15,500		15,500	0
919	INSURANCE - LIABILITY	300,000	\$300,000		300,000	0
920	INSURANCE - OTHER	0	\$0		0	0
921		0	\$0		0	0
922	PROPERTY TAXES / LAND	31,602	\$0 12 \$2,634		31,602	0
923	PROPERTY TAXES / IMPROVED	70,313	\$0 6 \$11,719		70,313	0
924	DRE SUBDIVISION REPORT	6,500	\$6,500		6,500	0
925	HOA LEGAL & DOCUMENTS	15,000	\$15,000		15,000	0
926	HOA DUES	20,000	\$20,000		20,000	0
927	FHA & VA APPROVAL	0	\$0		0	0
928	FHA INSPECTIONS	0	\$0		0	0
929	FNMA & FHLMC APPROVAL	0	\$0		0	0
930		0	\$0		0	0
931	FORWARD COMMITMENT FEE	0	\$0		0	0
932		0	\$0		0	0
933	MISCELLANEOUS	0	\$0	0	0	0
	SUBTOTAL	614,415	512,500 14,352	0	614,415	0
934	CONTINGENCY @ 3% LESS PP	18,432	\$15,375 431		18,432	0
	TOTAL SOFT COSTS	\$632,847	\$527,875 #DIV/0!	\$0	\$632,847	\$0

600 Basetdale

45 UNITS
76,410 S.F.

CDC BUDGET

Abell-Helou

04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
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1000's MODEL COMPLEX LUMP SUM

1001	TEMP. SALES TRAILER	\$5,500	\$5,500		\$5,500	0
1002	INTERIOR DESIGNER	18,500	\$18,500		18,500	0
1003	WALLS & WINDOW TREATS.	6,500	\$6,500		6,500	0
1004	FLOORS	5,500	\$5,500		5,500	0
1005	MISC. OTHER UPGRADES	7,500	\$7,500		7,500	0
1006	FURNITURE	65,000	\$65,000		65,000	0
1007	INTERIOR PLANTS	3,500	\$3,500		3,500	0
1008	SECURITY SYSTEM	4,500	\$4,500		4,500	0
1009	MUSIC SYSTEM	0	\$0		0	0
1010	SIGNAGE	6,500	\$6,500		6,500	0
1011	EXHIBITS & DISPLAYS	6,500	\$6,500		6,500	0
1012	LANDSCAPING	8,500	\$8,500		8,500	0
1013	SPRINKLER SYSTEMS	7,500	\$7,500		7,500	0
1014	HARDSCAPE	8,500	\$8,500		8,500	0
1015		0	\$0		0	0
1016	TEMP FENCING	8,500	\$8,500		8,500	0
1017	MODEL PARKING LOT	1,500	\$1,500		1,500	0
1018	THEFT & VANDALISM	5,500	\$5,500		5,500	0
	SUBTOTAL	169,500	\$169,500	0	169,500	0
1019	CONTINGENCY @ 3% LESS PP	5,085	\$165		5,085	0
	TOTAL MODEL		0.78% OF SALES			
	COMPLEX	\$174,585	\$169,665	\$0	\$174,585	\$0

OF

1100's MARKETING LUMP SUM MOS. MONTHLY

1101	SALES OFFICE OPERATIONS	\$30,600	\$0	12	\$2,550		\$30,600	\$0
1102	SALES STAFF SALARIES	138,000	\$0	12	\$11,500		138,000	0
1103	MODEL COMPLEX UTILITES	7,800	\$0	12	\$650		7,800	0
1104	MODEL TAX & INSURANCE	0	\$0	12	\$0		0	0
1105	MODEL MAINTENANCE	6,600	\$0	12	\$550		6,600	0
1106	LANDSCAPE MAINTENANCE	7,200	\$0	12	\$600		7,200	0
1107	INTERIOR PLANT SERVICE	4,200	\$0	12	\$350		4,200	0
1108	BROCHURES & CARDS	25,000	\$25,000	12	\$0		25,000	0
1109	RENDERINGS & PHOTOS	35,000	\$35,000	12	\$0		35,000	0
1110	SIGNS & FLAGS	15,500	\$15,500	12	\$0		15,500	0
1111	OPENING DAY PROMO	10,500	\$10,500	12	\$0		10,500	0
1112	OTHER PUBLIC RELATIONS	15,000	\$15,000	12	\$0		15,000	0
1113		0	\$0	0	\$0		0	0
1114	NEWSPAPER ADS	95,000	\$95,000	12	\$0		95,000	0
1115	OTHER MEDIA ADS	25,000	\$25,000	12	\$0		25,000	0
1116	MAILERS	6,500	\$6,500	12	\$0		6,500	0
	SUBTOTAL	421,900	\$227,500		\$16,200	0	421,900	0
1117	CONTINGENCY @ 3% LESS PP	12,657	\$6,825		486		12,657	0
	TOTAL MARKETING	\$434,557	\$234,325		\$16,686.00	\$0	\$434,557	\$0

600 Basetdale
Abell-Helou

45 UNITS
76,410 S.F.
\$22,500,000 PRODUCTION UNIT VALUE

CDC BUDGET
04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
N/A	COST OF SALES					
N/A	SALES COMMISSIONS	\$675,000	3.00% OF GROSS SALES	N/A	N/A	\$675,000
N/A	TITLE INSURANCE	56,250	0.25% OF GROSS SALES	N/A	N/A	56,250
N/A	ESCROW	112,500	0.50% OF GROSS SALES	N/A	N/A	112,500
N/A	OTHER CLOSING COSTS	225,000	1.00% OF GROSS SALES	N/A	N/A	225,000
N/A	FHA/VA DISCOUNT POINTS	112,500	0.50% OF GROSS SALES	N/A	N/A	112,500
N/A	SALES COMMS. / LOTS	0	0.00% OF GROSS SALES	N/A	N/A	0
N/A						
N/A	CUSTOMER SERVICE	22,500	\$500 / HOME	N/A	N/A	22,500
N/A						
N/A	OFFSET TO MARKETING			N/A	N/A	0
N/A						
N/A	DEFERRED FEES	0	\$0 / HOME	N/A	N/A	0
N/A	OTHER DEFERRED COSTS			N/A	N/A	0
N/A	NOTICE OF COMPLETION	0	\$0 / HOME	N/A	N/A	0
N/A	UTILITY DEPOSIT REFUND	0	\$0 / HOME	N/A	N/A	0
N/A						
N/A						
	TOTAL COST OF SALES	\$1,203,750		N/A	N/A	\$1,203,750

600 Basetdale
Abell-Helou

45 UNITS
76,410 S.F.
\$12,176,727 LOAN AMOUNT
8.50% ESTIMATED INTEREST RATE

CDC BUDGET
04/26/05

LINE #	COST CATEGORY	TOTAL COST	METHOD OF CALCULATION	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL DEV. PAIDS THRU CLOSING
1300's THRU						
1500's FINANCING						
1301	PWNB LOAN FEE	\$121,767	1.00% OF THE LOAN AM	\$0	\$121,767	\$0
PWNB DUE DILIGENCE & CLOSING						
1302	APPRAISAL	\$7,500			7,500	0
1303	FEASIBILITY REPORT	0			0	0
1304	PH. 1 ENVIRONMENTAL AUDIT	3,000			3,000	0
1305	SOILS & GEOLOGICAL REPORT	4,500			4,500	0
1306	LOAN DOCUMENTATION	800			800	0
1307	TITLE INSURANCE	8,500			8,500	0
1308	LOAN ESCROW	1,000			1,000	0
1309	MISC., RECORDING, ETC.	500			500	0
1310	LOAN RELATED LEGAL	0			0	0
1311		0			0	0
1312		0			0	0
1313	FUND CONTROL	60,884	0.50% OF THE LOAN AMT.		60,884	0
1400	CONSTRUCTION INSPECTIONS	3,600	150		3,600	0
2 INSPECTIONS PER MO. FOR 12 MOS.						
TOTAL D.D. & CLOSING						
		90,284		0	90,284	0
1500	INTEREST RESERVE	776,266	60% AVERAGE OUTSTANDING		776,266	0
15 MONTH LOAN TERM						
1314	LOAN BROKER FEE	0		0	0	0
TOTAL COST OF FINANCING						
		\$988,317		\$0	\$988,317	\$0

CDC Budget

EXHIBIT "C"

600 Basetdale

45 UNITS

CDC BUDGET

Abell-Helou

76,780 S.F.

04/26/05

45	# OF PROD. UNITS: ?	\$22,500,000	PRODUCTION UNIT VALUE	70.00%	\$0
	# OF MODELS: ?	\$0	MODELS VALUE	65.00%	\$0
	# OF LOTS: ?	\$0	FINISHED LOT VALUE	60.00%	\$0
	# OF LOTS: ?	\$0	OTHER LAND VALUE	50.00%	\$0
		\$22,500,000	TOTAL VALUE	0.00%	\$0

LINE #	COST CATEGORY	TOTAL COST	\$ / S.F.	\$ / UNIT	AMOUNT PAID TO DATE	CONSTRUCTION LOAN PAYS	TOTAL AMOUNT PAID BY BORROWER
TOTALS							
100	LAND	\$2,528,176	\$32.93	\$56,182	\$2,528,176	\$0	\$2,528,176
200	FEES	581,471	7.57	12,922	0	581,471	0
300	PERMITS	179,993	2.34	4,000	0	179,993	0
400	LAND DEVELOPMENT	2,248,575	29.29	49,968	0	2,248,575	0
500	DIRECT CONSTRUCTION (PAGE 3)	3,550,407			0	3,550,407	0
600	DIRECT CONSTRUCTION (PAGE 4)	1,385,500	TOTAL BELOW FOR 3 PAGES		0	1,336,500	0
700	DIRECT CONSTRUCTION (PAGE 5)	808,769	74.82	127,659	0	808,769	0
800	INDIRECT COSTS	845,707	11.01	18,793	0	845,707	0
900	SOFT COSTS	632,847	8.24	14,063	0	632,847	0
1000	MODELS	174,585	2.27	3,880	0	174,585	0
1100	MARKETING	434,557	5.66	9,657	0	434,557	0
1200	DEVELOPER'S OVERHEAD	395,000	5.14	8,778	0	395,000	0
	DEVELOPER'S FEE	675,000	8.79	15,000			
	TOTAL COSTS BEFORE FINANCING	14,440,587	\$188.08	320,902	2,528,176	11,188,411	2,528,176
1300	LOAN FEE, D.D. & CLOSING	208,451	2.71	4,632	0	208,451	0
1400	CONSTRUCTION INSPECTIONS	3,600	0.05	80	0	3,600	0
1500	INTEREST RESERVE	776,266	10.11	17,250	0	776,266	0
	TOTAL COSTS BEFORE C.O.S.	\$15,428,903	\$200.95	\$342,865	\$2,528,176	\$12,176,727	\$2,528,176
1600	ADDTN'L BORROWER'S FUNDS REQUIRED						0
	LOAN AMOUNT DETERMINATION	14,704,903				12,176,727	2,528,176
	COST OF SALES	1,203,750	15.68	26,750	N/A	N/A	1,203,750
	TOTAL PROJECT COSTS	\$16,632,653	\$216.63	\$369,615	\$2,528,176	\$12,176,727	\$3,731,926

LOAN TO "BORROWABLE" COSTS RATIO: 78.92% TOTAL PREPAID COSTS EXCLUDING LAND: \$0
 LOAN TO VALUE RATIO: 54.12% CASH REFUNDED TO/(REQUIRED FROM) BORROWER: (\$0)

PROFIT MARGIN: \$5,867,347 CONTINGENCY ON COSTS BEFORE FINANCING: \$463,616
 PROFIT MARGIN ON COSTS: 35.28% % OF TOTAL VALUE: 2.06%
 PROFIT MARGIN ON SALES: 26.08% ESTIMATED INTEREST CONTINGENCY: ?
 % OF TOTAL VALUE: 0.00%

OF LOTS PER LOT TOTAL TOTAL COMBINED CONTINGENCY: \$463,616
 46 LAND: \$54,960 \$2,528,176 % OF TOTAL VALUE: 2.06%
 46 FEES PAYABLE @ MAP: \$7,018 \$322,821
 46 FEES PAYABLE @ PERMIT: \$5,623 \$258,650

46 LAND DEVELOPMENT: \$48,882 \$2,248,575
 46 JOINT REFUNDS/DEFERRED FEES: \$0 \$0
 46 FINISHED LOT COST: \$116,483 \$5,358,222
 LOAN \$/S.F. LOAN \$/UNIT LOAN \$/LOT
 \$158.59 \$270,594 \$0

23.30% OF AVERAGE SALES PRICE

EXHIBIT "F"

INDUSTRY LAND ACQUISITION PROMISSORY NOTE

EXHIBIT "F"
TO DISPOSITION AND DEVELOPMENT AGREEMENT
INDUSTRY LAND ACQUISITION PROMISSORY NOTE

\$2,500,000

_____, 2005

For value received, the undersigned, BASSETDALE, LLC, a California limited liability corporation ("**Borrower**") whose principal address is set forth hereinbelow, promises to pay to the order of the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Authority**") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Authority may from time to time designate in writing), the principal sum of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000) (the "**Loan**"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Disposition and Development Agreement dated as of _____, 2005, entered into between Borrower and the Authority (the "**Agreement**"), and the terms and conditions of this Promissory Note (this "**Note**"). As set forth in greater detail in the Agreement, the purpose of the Loan is to provide Borrower financing in connection with a housing project ("**Project**" or "**Assisted Units**") on a site more particularly described in the Agreement ("**Site**"). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

1. Interest.

1.1 Basic Interest. Provided that Borrower is in compliance with the Schedule of Performance and the Assisted Units are completed and sold to Qualified Buyers pursuant to the Agreement by the date specified in the Schedule of Performance, the Authority waives interest under this Note. If Borrower does not complete and sell all of the Assisted Units pursuant to the Agreement by the date specified in the Schedule of Performance, and, subject to Section 1.3 below, the disbursed and unpaid principal balance of this Note shall accrue interest at the rate of three percent (3%) per annum, simple interest ("**Basic Rate**") commencing on the date of the close of the Escrow, and ending on the date when all sums are paid, as provided herein. Interest shall be computed on the basis of actual number of days elapsed and a 365-day year.

1.2 Payment Dates and Amounts. Provided no Event of Default (as set forth in Section 9 below) or other event of acceleration under this Note or the Agreement has occurred, Borrower shall repay this Note as follows: (i) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount equal to the HACOLA Assistance Amount for such Assisted Unit sold to a Qualified Buyer (the "**Assisted Unit Repayment Amount**"), which Assisted Unit Repayment Amount shall be paid via a credit to Borrower from the Authority against the outstanding amounts owed under this Note upon the recordation of a HACOLA Secondary Financing Deed of Trust against such Assisted Unit; and (ii) upon an Assisted Unit Close of Escrow pursuant to the terms of the Agreement, an amount, in addition to the amounts due

under clause (i), equal to fifty percent (50%) of any deferred payment assistance provided to any Qualified Buyers by any public or non-profit lender other than the Authority in excess of the average Permanent Loan anticipated to be obtained by the Qualified Buyers as shown on Exhibit "E" to the Agreement (the "**Additional Assistance Repayment Amount**").

1.3 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("**Default Rate**"), from the date due until the date paid.

1.4 Intentionally Omitted.

1.5 Assignment. In addition to the payments provided in Section 1.2 above, Borrower shall pay to the Authority towards (but not to exceed) any outstanding amounts associated with the Loan, no later than the date of close of escrow or other consummation of any Assignment, the Applicable Percentage of the Net Proceeds of such Assignment;

"**Applicable Percentage**" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"**Assignment**" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than the Senior Construction Loan or limited partner contributions, the proceeds of which are used solely for initial development of the Project), sublease, sale (other than the sale of individual Units to members of the home-buying public pursuant to the terms of the Agreement), license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Project, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"**Net Proceeds**" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash,

the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to Authority), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Construction Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, may, at the election of the Authority and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by the Industry Land Acquisition Deed of Trust ("Deed of Trust") of even date herewith, and of which the Authority is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Authority pursuant to the Deed of Trust shall be subordinate only to the Permitted Senior Encumbrances. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Borrower in connection with this Note, the Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Authority's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Authority as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The purpose of the Loan is to evidence and secure repayment of the Loan and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of the Agreement.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Authority, Borrower covenants as follows:

7.1 Compliance with Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Agreement and the Deed of Trust. Any amounts payable by Borrower under the Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Authority a copy of any notice of default within five business days after

receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Authority, to the extent the Authority in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Authority in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Authority, which consent may be withheld by the Authority in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note or the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Authority's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Authority in its sole discretion, including, without limitation, any and all documents deemed necessary by the Authority to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Agreement, the Deed of Trust and all other documents executed in connection therewith, and (ii) the Authority's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Note and the Agreement and any of the other documents executed in connection herewith.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("**Event of Default**"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Agreement;

(2) The failure of Borrower to perform any non-monetary covenant or obligation hereunder or under the Deed of Trust or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Authority (or from any party authorized by the Authority to deliver such notice as identified by the Authority in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to this Agreement within six (6) months following Completion of the Project;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 9 or Section 27 of the Agreement;

(8) Borrower shall be in default under the terms of any Construction Loan or any other secured obligation secured by the Site or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. Authority Remedies. Upon the occurrence of an Event of Default hereunder, the Authority may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, except in the case of a default by Borrower under Section 9(A)(3) through (8) above in which event no notice shall be required, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute (including the remedy of specific performance), in the sole discretion of the Authority, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note, the Agreement or under any other document executed in connection herewith or therewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Agreement, the Authority may, but shall not be obligated to, make such payment. If such payment is made by the Authority, Borrower shall deposit with the Authority, upon written demand therefore, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Authority shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall be secured by the Deed of Trust;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Authority shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Authority and its counsel to protect the interests of the Authority and to collect and receive any monies or other property in satisfaction of its claim.

(5) If the Event of Default occurs subsequent to the close of the Escrow but prior to the commencement by the Borrower of the construction of the Project, the Borrower, at the demand of the Authority, shall make the following payments to the Authority which shall be deemed to fully discharge this Note: (i) any sums disbursed to Borrower under this Note; (ii) all interest accruing on (A) this Note from the date of the close of the Escrow; and (B) sums described in (i) above from the date(s) of disbursement; (iii) all other charges, fees and expenses due under this Note; and (iv) all consequential damages in any way arising from or relating to the Event of Default and/or the resulting reconveyance of the Site to the Authority, including, without limitation, lost opportunity costs, any difference between the Loan and any sum required to be expended by the Authority in connection with the development of the Site by another developer and other like costs; and

(6) pursue any and all other remedies available to the Authority at law or in equity

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Authority may determine in its sole discretion.

No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Authority. In order to entitle the Authority to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Authority Default and Borrower Remedies. Upon fault or failure of the Authority to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Authority of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Authority of the terms and conditions of this Note or seeking to enjoin any act by the Authority which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Authority arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Borrower's Initials

10. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Note, the Agreement or the Deed of Trust as a consequence of any breach by the other party of its obligations hereunder or thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this Note, the Agreement or the Deed of Trust shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, Borrower agrees to pay or reimburse the Authority, upon demand by the Authority, for all costs incurred by the Authority in connection with the enforcement of this Note or any other document executed in connection herewith, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the Authority is a creditor in such proceeding or otherwise.

11. Conflict of Interest; No Individual Liability.

No official or employee of the Authority shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Authority participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Authority shall be personally liable in the event of a breach of this Note by the Authority.

12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Authority

Housing Authority
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425

Attn: Executive Director
Fax No. (323) 890-8576

With a copy to:

Housing Authority
of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation
Fax No. (323) 890-8576

If to Borrower:

Bassetdale, LLC
148 W. Orange St.
Covina CA 91723
Attention: John Abell
Fax No. (626) 332-86190

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing in this Note shall be deemed to require Borrower to pay interest in excess of the amount allowed by any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Agreement.

16. No Waiver; Consents.

Any waiver by the Authority must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Authority to take action on account of any default of Borrower. Consent by the Authority to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Authority's consent to be obtained in any future or other instance.

17. Governing Law.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Authority that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Agreement, the Deed of Trust, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. To Borrower's current actual knowledge, there are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Authority) which could impair its ability to perform its obligations under this Note,

nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

With respect to those matters set forth hereinabove providing for the Authority's approval, consent or determination, such approval, consent or determination may be given or withheld at the Authority's sole and absolute discretion, unless otherwise expressly stated in this Note.

Any review or approval of any matter by the Authority or any Authority official or employee under this Note shall be solely for the benefit of the Authority, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Authority shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

20. Good Faith and Fair Dealing.

The Authority and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Authority or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Authority may have.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

BORROWER:

BASSETDALE, LLC,
a California limited liability company

By: _____

Its :

EXHIBIT "G"

INDUSTRY LAND ACQUISITION DEED OF TRUST

DEED OF TRUST
(INDUSTRY FUND - PROJECT NO. YY1082)

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

Above Space For Recorder's Use Only

**DEED OF TRUST, ASSIGNMENT OF RENTS,
SECURITY AGREEMENT AND FIXTURE FILING**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("**Deed of Trust**") is made as of _____, 2005, by and between BASSETDALE, LLC, a California limited liability company ("**Trustor**") whose address is 148 West Orange Street, Covina, CA 91723, [_____] Title Insurance Company ("**Trustee**"); and the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("**Beneficiary**").

RECITALS

A. Beneficiary is making a loan to Trustor in the original principal amount of TWO MILLION FIVE HUNDRED THOUSAND Dollars (\$2,500,000) (the "**Loan**") pursuant to that certain Disposition and Development Agreement (the "**Agreement**") entered into by Trustor and Beneficiary and dated as of _____, 2005. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "**Note**") in the principal amount of the Loan. Any capitalized terms used herein but not otherwise defined herein shall have the meanings set forth for such terms in the Agreement.

B. Trustor intends to use the Loan for the purpose of developing the housing development described in the Agreement (the "**Project**"). The Project will be developed on a site legally described on Attachment "1" to this Deed of Trust (the "**Property**").

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession, as provided below all of its present and future estate, right, title and interest in and to the Property, together with all right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction

on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements on the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Property in manner and form as above

written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

(1) performance of each agreement of Trustor herein contained or incorporated herein by reference;

(2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;

(3) performance of each agreement of Trustor contained in the Agreement, or any other document entered into by Trustor in connection therewith, and any extension, renewal or modification of the Agreement or such other documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the Property, and Trustor authorizes and empowers Beneficiary, at its option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is not then existing any material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured

hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may reasonably impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Agreement. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at any time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3 and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are hereby assigned to Beneficiary. If (i) Trustor is not then in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is then in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to Beneficiary to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Construction Financing (as defined in the Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows:

Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Notwithstanding any other provisions hereof, from time to time, Beneficiary shall execute and record a partial reconveyance, releasing portions of the Property from the lien or charge of this Deed of Trust on a Unit by Unit basis upon the occurrence of the following terms and conditions:

a. For each Non-Assisted Unit, Beneficiary's receipt of an estimated closing statement for the Non-Assisted Unit to be released.

b. For each Assisted Unit, Beneficiary's receipt of the applicable Assisted Unit Repayment Amount and the applicable Additional Assistance Repayment Amount, if any, for the Assisted Unit to be released.

c. Beneficiary's receipt, with interest, of any amounts expended by Beneficiary to protect the security of this Deed of Trust including, without limitation, any amounts expended for keeping senior encumbrances current, payment of taxes or attorneys' fees.

d. No Event of Default has occurred hereunder or under the Note or the Agreement.

Upon delivery to Beneficiary of proof satisfactory to Beneficiary that a portion of the Property has been or is about to be dedicated or conveyed to and accepted by a public entity, Beneficiary shall execute and record a partial reconveyance, releasing such portion of the Property from the lien or charge of this Deed of Trust.

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall thereafter bear interest at the Default Rate of interest per annum set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the Default Rate; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Property for the amount so paid, with interest at the Default Rate. Beneficiary is further authorized to require an appraisal of the Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors

or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable notice and cure period, constitute an Event of Default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof, and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

(a) Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

(b) Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("**Event of Default**"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note or the Agreement;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the Note or the Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party

authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, such default shall not constitute an Event of Default if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in subsection (a) or in subsections (c) through (h) of this Section 18;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If, without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect a "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 9 or 27 of the Agreement);

g. Trustor shall be in default under any Construction Loan (as defined in the Agreement) or any other secured obligation secured by the Property or unsecured obligation relating to the Project, unless the default is cured or waived within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Failure to sell all of the Assisted Units in the Project to Qualified Buyers pursuant to the Agreement within six (6) months following Completion of the Project.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof (except in the case of default described in Section 18 (c) or (d), in which case no notice shall be required), become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property or making repairs or installations as it deems necessary to preserve the Property or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed

of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the Note or the Agreement for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor (subject to the nonrecourse provisions of Section 27) for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary, a certified statement in form reasonably satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Property and shall permit Beneficiary at no expense to Trustor or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Nonrecourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional or willful misconduct or material misrepresentation by Borrower in connection with the Loan, the Loan is a nonrecourse obligation of Trustor and in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California. The information required in connection with the fixture filing is as follows:

- A. Name and Address of Lender: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755
- B. Name and Address of Debtor: Bassetdale, LLC
148 W. Orange Street
Covina, California 91723
- C. Debtor's Taxpayer Identification Number: _____

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits.

Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Property, unless Beneficiary personally or by agent enters into actual possession of the Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. With respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination, such approval, consent or determination may be given or withheld at the Beneficiary's sole and absolute discretion, unless otherwise expressly stated in this Deed of Trust.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may withhold in its sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project, (ii) permit the Transfer of greater than forty-nine percent (49%) of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under this Deed of Trust. Trustor hereby agrees that any purported Transfer not approved by Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify Beneficiary in writing (the "Transfer Notice") and, except with respect to a sale of a Unit in the Project in accordance with the Agreement, shall submit to Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations hereunder. The Transfer Notice shall include a request that Beneficiary consent to the proposed Transfer. Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Beneficiary receives the last of the items required by this Section 33. In the event Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to Beneficiary. Upon the effectiveness of any such Transfer, Trustor shall be released from its obligations hereunder only if the written Beneficiary consent expressly provides such a release. Except as expressly provided herein to the contrary, all Trustor obligations hereunder shall run with the land and be binding on successors and assigns.

Notwithstanding anything in this Deed of Trust which may be or appear to be to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not Beneficiary's consent is required therefor and even if Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to Beneficiary or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

The prohibitions against Transfer contained in this Section 33 shall not apply subsequent to the issuance of the Certificate of Completion with respect to the sale of the Units constructed upon the Site, provided such sales are in accordance with the terms of the Agreement. The prohibitions against Transfer contained in this Section 33 shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site or to prohibit or restrict the sale of any part or parts of the Project in accordance with the Agreement.

34. Subordination. Provided no Event of Default has occurred hereunder or under the Note or the Agreement, Beneficiary will subordinate, on terms reasonably acceptable to Beneficiary and to the lender under the Senior Construction Financing, the lien of this Deed of Trust to the lien or charge created by a deed of trust ("Senior Deed of Trust") which satisfies the following requirements:

a. The Senior Deed of Trust will secure a construction loan obtained by Trustor from a Qualified Financial Institution not affiliated with Trustor. As used herein, "Qualified Financial Institution" means a bank, savings bank, pension fund, insurance company or other institutional entity which is licensed to do business in California and is duly established and in the business of financing the size and type of development contemplated hereunder and

which, in the sole opinion of Beneficiary, has a sufficient net worth, liquidity position and credit rating to meet the contemplated financing.

b. The principal amount of the construction loan shall not be more than \$9,500,000, the proceeds of which are used exclusively to improve the Property, or to pay off indebtedness incurred by Trustor to improve the Property; provided, however, that Beneficiary will not be obligated to so subordinate if such lien, mortgage or deed of trust secures any obligation or indebtedness not related to development of the Property or construction of the Units or if such lien, mortgage or deed of trust contains any provision making it a default thereunder if Trustor or any other party defaults in any obligation not related to the development of the Property or construction of the Units (i.e., a cross-default provision).

c. The term is at least twelve (12) months, but no longer than the period during which the Trustor is obligated under the Agreement and the Schedule of Performance (as defined in the Agreement) to complete and sell all forty-five (45) Units in the Project.

d. The other terms are consistent with the Agreement and are not in excess of those generally commercially available for the Property.

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

BASSETDALE, LLC,
a California limited liability company

By: _____

Its: _____

BENEFICIARY:

HOUSING AUTHORITY OF THE COUNTY OF LOS
ANGELES, a public body corporate and politic

By: _____
Carlos Jackson
Executive Director

APPROVED AS TO FORM:

Office of the County Counsel

By: _____
Deputy

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared
_____ personally known to me (or
proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Signature

ATTACHMENT 1

LEGAL DESCRIPTION OF THE SITE

(INDUSTRY FUND - PROJECT NO. YY1080)

The land referred to is situated in the State of California, County of Los Angeles and is described as follows:

LOTS 237 AND 238 PECKHAM'S MONETA AVENUE SQUARE NO. 1, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP REDORDED IN BOOK 10, PAGE 187 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT "H"

SCHEDULE OF PERFORMANCE

EXHIBIT "H"
SCHEDULE OF PERFORMANCE

- | | |
|--|--|
| 1. <u>Execution and Delivery of Agreement by Developer.</u> The Developer shall execute and deliver this Agreement to HACOLA. | Not later than 5 days after receipt of this Agreement by Developer for execution. |
| 2. <u>Execution of Agreement by Commission.</u> The Board of Commissioners shall authorize execution of this Agreement. HACOLA will deliver a copy of the executed Agreement to the Developer. | Following approval by the Board of Commissioners. |
| 3. <u>Submission of Final Construction Plans, Drawings, and Landscaping Plans.</u> The Developer shall prepare and submit to HACOLA for review and approval Final Construction Plans, Drawings, and Final Landscaping Plans for the Site. | No later than 30 days following execution of this Agreement. |
| 4. <u>Approval – Final Construction Plans, Drawings, and Landscaping Plans.</u> HACOLA shall approve or disapprove the Developer's Final Construction Plans, Drawings, and Landscaping Plans for the Site. | Within 14 days after receipt thereof by the Commission. |
| 5. <u>Submission of Certificates of Insurance.</u> The Developer shall furnish to HACOLA appropriate certificates of insurance policies. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 6. <u>Governmental Permits.</u> The Developer shall obtain any and all permits required by the County or any other governmental agency. | Prior to the date set forth herein for the commencement of the Developer Improvements. |
| 7. <u>Submission of Security Plan and Marketing Plan.</u> The Developer shall submit to HACOLA in a form acceptable to HACOLA a plan for the security of the Site during and after construction, and a plan for the marketing and sale of the Assisted | Prior to the date set forth herein for the commencement of the Developer Improvements. |

Unit.

8. Commencement of Construction of Developer Improvements. The Developer shall commence construction of the Developer Improvements.

Commencement of construction shall not be later than 90 days after the date of execution of the Development Agreement.

9. Identification of Qualified Homebuyers. Developer shall identify at least two qualified homebuyers for each Assisted Unit.

At least 30 days before completion of Developer Improvements.

10. Completion of Construction of Developer Improvements. Developer shall complete construction of the Developer Improvements.

Within 270 days after commencement thereof by the Developer.

11. Issuance of Certificate of Completion. HACOLA shall furnish the Developer with a Certificate of Completion.

Promptly after completion of all construction required to be completed by the Developer on the Site and upon written request therefore by the Developer.

12. Sale of Assisted Units to Qualified Buyers. Developer shall complete close of escrow of Assisted Units to Qualified Homebuyers.

Within 60 days after completion of Developer Improvements.

EXHIBIT "T"

INTENTIONALLY OMITTED

EXHIBIT "J"

CDC DESIGN GUIDELINES

Community Development Commission of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For HOMEOWNERSHIP Housing Developments

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Community Development Commission of the County of Los Angeles
Minimum Construction Standards/Design Guidelines
For HOMEOWNERSHIP Housing Developments

I. FUNDAMENTAL DESIGN GUIDELINES FOR HOMEOWNERSHIP DEVELOPMENTS

A. Site

1. Landscaping

Drought Tolerant plant material.
Less lawn and more drought tolerant ground covers/shrubs is encouraged.
All new planted areas to be heavily mulched for water conservation.
Automatic irrigation system to be provided
1 – 24" box shade tree in front yard of each unit.
Redwood bender board edging or equal at planter bed and turf boundaries.
All landscaped areas or planter boxes must be accessible for maintenance.
Provide deciduous trees to shade south windows and evergreen trees to shade west windows.
Plans must be stamped by a landscape architect licensed in the State of California.

2. Fencing

If used, all wrought iron to be painted a dark color. Line posts shall be galvanized.
All front yard and street front fencing must be setback at least 12" from the sidewalk with a landscape strip.
Common entry gates must have automatic closers.
Concrete block walls facing streets shall incorporate decorative designs or be accompanied by landscaping such as vines to soften the appearance of the walls.

3. Building Orientation

Orient building to maximize solar access during cooler months and to control it during warmer months.

4. Pedestrian Hardscape Areas

Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).

5. Building Placement

Maintain the existing setback patterns within the vicinity of the building. Avoid locating a building far in front of or far behind the average setback lines of the properties located on either side of the proposed project.

6. Parking

Whenever possible, locate detached garages towards the rear of the site to minimize its impact on the street.

If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.

Parking area should have adequate lighting and provide a safe and secure environment.

Consider placing second story massing over a garage to bring the living space closer to the street and take some attention off of the garage.

B. Building Exterior

1. Height

Relate the overall height of the new structure to that of adjacent residential structures. Avoid new construction that varies greatly in height from other residential buildings in the area.

2. Scale

Relate the size and bulk of the new structures to the prevalent residential scale in the immediate area.

3. Form

Consider utilizing a variety of building floor plans, elevations and roof forms instead one type. Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to add visual complexity.

4. Materials and Color

Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality residences in the surrounding neighborhood or region.

Avoid introducing drastically different colors and materials than those of the surrounding neighborhood.

Use materials that do not require extensive maintenance.

5. Individual Identity

Consider strategies that allow homeowners to enhance the exterior appearance of their homes.

6. Entry

Provide a prominent and visible entry.

Consider transitional spaces such as an entry porch to help make the transition from public to semi-private or private space.

Consider issues of shelter, security, lighting and identity.

7. Roof Top Equipment

All roof top equipment should be screened from view. No free standing wood screens permitted. Screening shall be achieved through the use of parapet walls and other permanent building features.

8. Windows

Window size and placement should maximize daylighting and natural ventilation.

Placement should relate to building interior layout.

Plant-on mullions are discouraged.

Consider ways to screen and physically separate ground floor windows from sidewalk to provide privacy and security.

Low-emissivity glass is required for all south and west facing windows and encouraged for east facing windows.

Overhangs for south facing windows are recommended.

9. Roofing

Light colors encouraged for energy benefit.

C. Building Interior

1. Unit Sizes

2-Bedroom	1,000 - 1,300 sq. ft.
3-Bedroom	1,300 - 1,500 sq. ft.
4-Bedroom	1,300 - 1,500 sq. ft.

2. Room Size Range & Features

	<u>One Wall Length Min.</u>	<u>Room Size</u>
Living Area	9 ft.	150-220 sq. ft.
Dining Area	Comfortably seat 2 people per bedroom	
Kitchen Counters	5 ft. long by 2 ft. deep for 1 st bedroom plus 1.5 ft. per additional bedroom (measurement does not include sink and cooktop areas, and is measured along the front edge of counter).	
Cabinets	5 ln. ft. of base cabinets for 1 st bedroom plus 1.5 ln. ft. per additional bedroom.	
Stove / cook top	30" wide and at least 12" away from any sidewall for all 2 bedroom and larger units.	
Refrigerators	16 cu. ft. for 2-bedrooms. 18 cu. ft. for 3-bedrooms or more.	
Dishwashers	To be included.	
Garbage disposals	To be included.	
Bedroom	9 ft. (min. wall)	90-120 sq. ft.
Bedroom Storage		10 sq. ft.min.
Master Bedroom	12 ft.	150-200 sq. ft.
Master Bedroom Storage		20 sq. ft. min.
General Storage		15 sq. ft.
Linen Storage		4 sq. ft.

3. HVAC

Provide air conditioning for all single-family homes.
Whole house and ceiling fans maybe used in lieu of air conditioning.

EXHIBIT "K"

HACOLA SECONDARY FINANCING NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

(Industry Fund - Project No.)

_____, 20____
California

Pomona _____,

Property Address:

Property Address	City	State	Zip Code
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FOR VALUE RECEIVED, the undersigned, _____, hereafter called "Borrower," hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$

(C) Principal Sum. The original principal amount of this Note, namely \$

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the

encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made

by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =

25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within

such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion } in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES
PROVISION BY ITS INITIALS BELOW:

6. **PREPAYMENT.** Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

8. JOINT AND SEVERAL. The undersigned, if more than one, shall be jointly and severally liable hereunder.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Housing Authority of the County of Los Angeles
 2 Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

----- REVISION LIST -----

The bracketed numbers refer to the Page and Paragraph for the start of the paragraph in both the old and the new documents.

EXHIBIT "L"

HACOLA SECONDARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

**THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS**

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY-XXXX)

This DEED OF TRUST is made this _____ day of _____, 200_, by and
among (Buyer(s)) _____ (herein, "Trustor"), (Title Company)
(herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY
OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address
is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness
herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust,
with power of sale, the following described property located in the County of Los Angeles, State
of California:

[insert legal description or refer to attached Exhibit "A"]

which has the address of _____, California (herein "Property
Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and
all easements, rights, appurtenances and rents and income received from the Property (subject,
however, to the rights and authorities given herein to Beneficiary to collect and apply such
rents), all of which shall be deemed to be and remain part of the Property covered by this Deed
of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed
of Trust is on a leasehold) are herein collectively referred to as the "Property". ÷

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 200 __, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: XXXXXXXXXXXXX Dollars (\$00000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 200 and extensions and ~~renewal~~ renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and

apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. **Preservation and Maintenance of Property.** Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. **Protection of Beneficiary Security.** If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. **Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. **Condemnation.** The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. **Trustor Not Released: Forbearance by Beneficiary Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly, described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's

Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and Trustee, the book and page where this instrument is recorded, and the name and address of the successor Trustee. The successor Trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared _____ personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT "M"

TERTIARY FINANCING NOTE

NOTICE: This Note requires payment of the principal and contingent interest if certain events occur, and is subject to use, affordability and resale restrictions.

PROMISSORY NOTE

(Industry Fund - Project No.)

_____, 20____
California

Pomona _____,

Property Address:

Property Address

City

State

Zip Code

FOR VALUE RECEIVED, the undersigned, _____, hereafter called "Borrower," hereby jointly and severally promise to pay to THE HOUSING AUTHORITY OF COUNTY OF LOS ANGELES, a body corporate and politic, hereafter called "Lender," or to Lender's order, at such place as Lender may designate, lawful money of the United States of America in the amounts hereafter set forth. This Note shall not bear interest, except for the contingent deferred interest and default interest as provided below.

1. DEFINITIONS. The following definitions shall apply throughout this Note:

(A) Appraiser. An appraiser who is a MAI member of the American Institute of Real Estate Appraiser or a SRPA member of the Society of Real Estate Appraisers (or in case such professional designations are modified or discontinued, the most nearly equivalent successor designations.

(B) Original Sales Price. Borrower's original purchase price for the Property, namely \$ _____

(C) Principal Sum. The original principal amount of this Note, namely \$ _____

(D) Property. The real property at the address stated above, as legally described in the Deed of Trust executed concurrently with this Note.

(E) Sale or Transfer. The term "Sale or Transfer" shall include any sale, conveyance, lease, encumbrance, or alienation by Borrower of the Property, or any interest therein; the execution by Borrower of any contract of sale with respect to the Property, or any interest therein; the grant by Borrower of an option to purchase the Property, or any interest therein; the

encumbrance of title to the Property by any lien or charge (other than the existing first lien encumbering the Property, or a refinancing thereof approved in writing by Lender), voluntary or involuntary, contractual or statutory, without the prior written consent of Lender; or any other transfer by Borrower of the Property, or any portion thereof or interest therein, whether voluntary or involuntary. If Borrower is a corporation, partnership, association, trust, or other like legal entity, the terms "Sale or Transfer" shall include the sale, conveyance, alienation or transfer of any beneficial interest in the Borrower.

(F) Sales Price. The term "Sales Price" shall mean an amount equal to the purchase price paid for the Property upon a sale thereof in an arms-length transaction, including the fair market value of any non-cash consideration and the amount of any existing financing that the purchaser of the Property assumes or takes subject to.

(G) Fair Market Value. The term "Fair Market Value" means the fair market value of the Property determined in accordance with Section 3 or 5, as applicable.

(H) This Date. _____, 20____, which shall be the same as the date of the Deed of Trust executed concurrently by Borrower in favor of Lender.

2. TIME OF PAYMENT. All sums due under this Note shall be due and payable in full on the first to occur of the following dates (the "Due Date"): (i) the date of the first Sale or Transfer of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Borrower (unless Borrower is more than one person and one or more of the other people comprising Borrower survives); and (iv) the date on which Lender accelerates all sums due under this Note as a result of a "default" by Borrower under Section 5 hereof and the expiration of any applicable cure periods. If no Due Date has occurred, then the entire Principal Sum shall be forgiven forty five (45) years from the date of this Note.

3. AMOUNT OF PAYMENT. Upon the Due Date, Borrower shall pay to Lender an amount reasonably calculated by Lender as being the sum of (i) the Principal Sum, plus (ii) the percentage of the Net Appreciation (as that term is defined below), specified in the table below for the year in which the Due Date occurs. "Net Appreciation" is defined as the Sales Price (or Fair Market Value, under the circumstances described below) of the Property as of the Due Date minus the sum of (i) the Original Sales Price of the Property; (ii) the value of any capital improvements made by the Borrower and pre-approved by Lender ("Eligible Capital Improvements"), if any; (iii) customary closing costs paid by the Borrower in connection with the sale of the Property ("Eligible Closing Costs"); and (iv) the amount of any recapture liability of the Borrower under Section 143(m) of the Internal Revenue Code (the "Recapture Amount"). The term "HACOLA Percentage" as used in the table below is the ratio of the original Principal Sum of the Note divided by the Original Sales Price of the Property. In the event that the Due Date is triggered by an event other than sale of the entire Property to an unrelated third-party in a bona fide, arms length transaction, the determination of Net Appreciation will be made utilizing the Fair Market Value of the Property; provided that where Borrower and Lender are unable to agree upon the Fair Market Value, the determination thereof (subject to Section 5) will be made

by an Appraiser selected by Lender. Borrower and Lender shall each pay one-half (1/2) of the cost of the appraisal of the Property prepared by the Appraiser selected by Lender. Borrower's share of the cost of the appraisal shall be an additional obligation which, together with other sums payable hereunder, shall be secured by the deed of trust securing this Note (the "Deed of Trust").

As otherwise described in this Section 3, Borrower will be required to pay Lender on the Due Date the Principal Sum plus any amount equal to the applicable percentage (as shown in the table below) of the Net Appreciation (as defined above).

Notwithstanding anything to the contrary in this Section 3, the amount due to Lender from the Borrower shall not exceed the amount remaining after subtracting from the Fair Market Value (or Sales Price, as applicable) of the Property as of the Due Date the sum of (i) the original principal amount of the first lien secured by the Property, (ii) the Borrower's original downpayment, (iii) the value of Eligible Capital Improvements, if any, (iv) Eligible Closing Costs, and (v) the Recapture Amount, if any.

APPRECIATION SHARE

DUE DURING YEAR	PERCENTAGE OF NET APPRECIATION	
1	50.00%	X HACOLA PERCENTAGE =
2	48.89%	X HACOLA PERCENTAGE =
3	47.78%	X HACOLA PERCENTAGE =
4	46.67%	X HACOLA PERCENTAGE =
5	45.56%	X HACOLA PERCENTAGE =
6	44.45%	X HACOLA PERCENTAGE =
7	43.34%	X HACOLA PERCENTAGE =
8	42.23%	X HACOLA PERCENTAGE =
9	41.12%	X HACOLA PERCENTAGE =
10	40.01%	X HACOLA PERCENTAGE =
11	38.90%	X HACOLA PERCENTAGE =
12	37.79%	X HACOLA PERCENTAGE =
13	36.68%	X HACOLA PERCENTAGE =
14	35.57%	X HACOLA PERCENTAGE =
15	34.46%	X HACOLA PERCENTAGE =
16	33.35%	X HACOLA PERCENTAGE =
17	32.24%	X HACOLA PERCENTAGE =
18	31.13%	X HACOLA PERCENTAGE =
19	30.02%	X HACOLA PERCENTAGE =
20	28.91%	X HACOLA PERCENTAGE =
21	27.80%	X HACOLA PERCENTAGE =
22	26.69%	X HACOLA PERCENTAGE =
23	25.28%	X HACOLA PERCENTAGE =
24	24.47%	X HACOLA PERCENTAGE =

25	23.36%	X HACOLA PERCENTAGE =
26	22.25%	X HACOLA PERCENTAGE =
27	21.14%	X HACOLA PERCENTAGE =
28	20.03%	X HACOLA PERCENTAGE =
29	18.92%	X HACOLA PERCENTAGE =
30	17.81%	X HACOLA PERCENTAGE =
31	16.70%	X HACOLA PERCENTAGE =
32	15.59%	X HACOLA PERCENTAGE =
33	14.48%	X HACOLA PERCENTAGE =
34	13.37%	X HACOLA PERCENTAGE =
35	12.26%	X HACOLA PERCENTAGE =
36	11.15%	X HACOLA PERCENTAGE =
37	10.04%	X HACOLA PERCENTAGE =
38	8.93%	X HACOLA PERCENTAGE =
39	7.82%	X HACOLA PERCENTAGE =
40	6.71%	X HACOLA PERCENTAGE =
41	5.60%	X HACOLA PERCENTAGE =
42	4.49%	X HACOLA PERCENTAGE =
43	3.38%	X HACOLA PERCENTAGE =
44	2.27%	X HACOLA PERCENTAGE =
45	1.16%	X HACOLA PERCENTAGE =

The amount, if any, specified in the last column of the above table shall constitute contingent deferred interest due under this Note.

When the net proceeds are insufficient to repay both this Note and the Borrower's investment in the Property, the Borrower shall receive the full amount of Borrower's investment and the balance of the net proceeds shall be paid to Lender. "Net proceeds" is defined as the Sales Price minus first lien repayments through escrow and Eligible Closing Costs. "Borrower's investment" is defined as the following costs, if paid by Borrower: downpayment, payments to reduce the Principal Sum, and the cost of Eligible Capital Improvements made to the Property after purchase.

4. RIGHT OF FIRST REFUSAL (ROFR). Notwithstanding anything to the contrary in this Note, in the event the Borrower should choose to effect a Sale or Transfer of the Property, the Lender shall, in any and all circumstances, have a Right of First Refusal ("ROFR"). The ROFR shall provide the Lender the first right to purchase the Property at the Fair Market Value, which shall be determined in accordance with the procedure set forth in Section 3. The Sales Price to the Lender shall be the Fair Market Value so determined, less the Principal Sum due under this Note and the percentage of Net Appreciation, as set forth in the tables provided in Section 3. The Lender shall have twenty (20) days following receipt of Borrower's written offer of the ROFR to accept or reject such offer by serving Borrower with written notice of Lender's decision. If Lender rejects the ROFR offer or fails to accept or reject the ROFR offer within

such twenty (20) day period, then such failure or rejection shall be deemed an irrevocable rejection of the ROFR offer and the ROFR offer shall expire and be of no further force or effect, and Borrower shall thereafter have the right to effect a Sale or Transfer of the Property to any third party, which shall trigger the Net Appreciation requirement and other payments to Lender under Section 3.

If Lender accepts in writing the ROFR offer within the twenty (20) day period following Borrower's service of the ROFR offer, then within twenty (20) days after Lender's acceptance of the ROFR a sales escrow shall be opened and closed as soon as practical but not later than sixty (60) calendar days after receipt of Borrower's notice of intent to transfer. Funds will be disbursed upon closing of escrow. Borrower and Lender shall execute a purchase and sale agreement in standard form acceptable to the Lender. If the Lender exercises its option to purchase yet does not close escrow within the sixty (60) day period, the ROFR shall automatically terminate. However, if escrow does not close for reasons beyond the Lender's control, then the ROFR will not terminate.

5. DEFAULTS AND LENDER'S REMEDIES.

Each of the following shall be a "default" under this Note:

- (A) Borrower's failure or delay to make any timely payment of principal or interest when due under this Note, or satisfy any other monetary obligation under this Note, the Loan Reservation Agreement executed in connection herewith (the "Loan Agreement") or the Deed of Trust (this Note, the Loan Agreement and the Deed of Trust collectively, the "Loan Documents");
- (B) Borrower's failure or delay in performing any other term or provision of this Note;
- (C) Borrower's failure to occupy the Property in accordance with the nondiscrimination and affordability restrictions set forth in the Deed of Trust, which, as more particularly provided therein, restrict occupancy of the Property to lower income persons having household incomes no greater than 100 percent of area median income as determined from time to time by the U.S. Department of Housing and Urban Development (HUD);
- (D) Borrower's failure or delay in performing any term or provision (not otherwise described in (A) through (C) above) of the Loan Documents;
- (E) Borrower's default under its obligations to the holder of any other lien or encumbrance recorded against the Property;
- (F) Borrower becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days;

(G) Borrower intentionally or fraudulently misrepresented income information submitted to Lender under the Loan Documents, or any application materials provided to Lender in connection therewith.

Upon the occurrence of a "default," the Lender, prior to acceleration, shall give notice to Borrower as provided in Section 15 (the "Notice") hereof specifying:

- (a) the default;
- (b) the action required to cure such default, if curable;
- (c) a date, not less than ten (10) days from the date the Notice is mailed to Borrower, by which such default must be cured (provided that with respect to any default described in items (B), (D) and (E), Borrower shall be given thirty (30) days from the date the Notice is mailed to Borrower to cure such default; provided further, however, if any such default is reasonably curable, but requires more than thirty (30) days to cure, Borrower shall be given such longer period if, immediately after Borrower's receipt of the Notice, Borrower commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days); and
- (d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums due under this Note and a sale of the Property.

The Notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, the Lender, at its option, may declare all of the sums due under this Note to be immediately due and payable without further demand and may invoke under its Deed of Trust the power of sale and any other remedies permitted by applicable law. As otherwise provided in Section 9 hereof, Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 5, including but not limited to, reasonable attorneys' fees.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION 5, IN THE EVENT BORROWER IS IN DEFAULT OF THIS NOTE UNDER ITEMS (C) AND (G) ABOVE (AND IN THE CASE OF (C), BORROWER DOES NOT DILIGENTLY PURSUE CURE OF SUCH DEFAULT BY LISTING THE PROPERTY FOR SALE AND ACCEPTING ANY OFFER TO PURCHASE THE PROPERTY AT OR IN EXCESS OF THE FAIR MARKET VALUE DETERMINED BY LENDER IN ACCORDANCE WITH THIS SECTION 5), THE PARTIES AGREE THAT THE LENDER WILL SUSTAIN DAMAGES BY REASON THEREOF WHICH WOULD BE UNCERTAIN. BORROWER AND LENDER FURTHER AGREE THAT THE AMOUNTS CALCULATED AS HEREINAFTER SET FORTH SHALL BE PAID AND DELIVERED TO THE LENDER AS LIQUIDATED DAMAGES. SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE FRUSTRATION OF

BORROWER SPECIFICALLY ACKNOWLEDGES THIS LIQUIDATED DAMAGES
PROVISION BY ITS INITIALS BELOW:

6. **PREPAYMENT.** Borrower shall have the right at any time to repay this Note, provided that any prepayment must be in full and not in part. The amount payable in full by Borrower shall be the sum of (i) the Principal Sum, and (ii) the applicable Net Appreciation Percentage payment described in Section 3 above.

8. **JOINT AND SEVERAL.** The undersigned, if more than one, shall be jointly and severally liable hereunder.

10. TIME. Time is of the essence herein.

11. AMENDMENTS. This Note may not be modified or amended except by an instrument in writing executed by the parties to be bound thereby.

12. SEVERABILITY. The covenants of this Note are severable. Invalidation of any covenant or any part thereof by law, judgment, or court order shall not affect any other covenants.

13. PLACE OF PAYMENT. Borrower will make payment of all amounts due to Lender under this Note to Lender at 2 Coral Circle, Monterey Park, California 91755, or such other address as Lender may designate in writing to Borrower.

14. BORROWER'S WAIVERS. Borrower waives any rights to require the Lender to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); and (C) to obtain an official certification of nonpayment (known as a "protest").

15. GIVING OF NOTICE. Any notice given to Borrower under this Note shall be given by personally delivering it or by mailing it certified mail, postage prepaid, return receipt requested, addressed to Borrower at the address specified below. A notice will be delivered or mailed to Borrower at a different address if Borrower gives the Lender written notice of Borrower's different address. Any notice given to the Lender under this Note shall be given by personal delivery or by mailing it certified mail, postage prepaid, return receipt requested, to the address stated specified below. A notice will be mailed to the Lender at a different address if Borrower is given a written notice of that different address.

If to Lender: Housing Authority of the County of Los Angeles
 2 Coral Circle
 Monterey Park, California 91755-7425
 Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles
 Two Coral Circle
 Monterey Park, California 91755-7425
 Attn: Director of Housing Development and Preservation

If to Borrower: To the Property address stated on Page 1 above.

16. DEFAULT INTEREST. In the event that any amounts which Borrower is obligated to pay Lender under the terms of this Note are not paid when due, such amounts shall thereafter bear interest at an annual rate of five percent (5%) (the "Default Rate").

17. LENDER MAY ASSIGN. Lender may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

18. BORROWER ASSIGNMENT PROHIBITED. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Lender. This consent may be given or withheld in the Lender's sole discretion. This Section 18 shall not affect or diminish the Lender's right to assign all or any portion of its rights to the loan proceeds hereunder.

19. SUCCESSORS BOUND. This Note shall be binding upon the parties hereto and their respective heirs, devisees, successors and assigns. Lender includes any successor or assign of Lender.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the date first written above.

BORROWER

BORROWER

----- REVISION LIST -----

The bracketed numbers refer to the Page and Paragraph for the start of the paragraph in both the old and the new documents.

EXHIBIT "N"

TERTIARY FINANCING DEED OF TRUST

OFFICIAL BUSINESS

Document entitled to free
recording per Govt. Code
Section 6103.

Recording Requested by and
When Recorded Mail To:

HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES
2 Coral Circle
Monterey Park, CA 91755-7425
Attn.: Director of Housing
Development and Preservation

(SPACE ABOVE LINE FOR RECORDER'S USE)

**THIS DEED OF TRUST INCLUDES USE, AFFORDABILITY AND RESALE
RESTRICTIONS**

DEED OF TRUST

(Second Deed of Trust on For-Sale Unit - Industry Fund Project No. YY-XXXX)

This DEED OF TRUST is made this _____ day of _____, 200_, by and
among (Buyer(s)) _____ (herein, "Trustor"), (Title Company)
(herein "Trustee"), and the HOUSING AUTHORITY OF THE COUNTY
OF LOS ANGELES, a public body corporate and politic (herein "Beneficiary"), whose address
is Two Coral Circle, Monterey Park, California 91755.

Trustor, for good and valuable consideration and in consideration of the indebtedness
herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust,
with power of sale, the following described property located in the County of Los Angeles, State
of California:

[insert legal description or refer to attached Exhibit "A"]

which has the address of _____, California (herein "Property
Address");

TOGETHER, with all the improvements now and hereafter erected on the Property, and
all easements, rights, appurtenances and rents and income received from the Property (subject,
however, to the rights and authorities given herein to Beneficiary to collect and apply such
rents), all of which shall be deemed to be and remain part of the Property covered by this Deed
of Trust; and all of the foregoing, together with said Property (or the leasehold estate if this Deed
of Trust is on a leasehold) are herein collectively referred to as the "Property".;

The Deed of Trust secures performance of all of Trustor's covenants and agreements under the Loan Reservation Agreement dated _____, 200 __, by and between Trustor and Beneficiary (herein "Reservation Agreement") and the Promissory Note in the principal sum of: XXXXXXXXXXXXX Dollars (\$00000) (herein "Note") executed by Trustor in favor of Beneficiary dated _____, 200 __ and extensions and ~~renewal~~ renewals thereof, and the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

Trustor covenants that Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Trustor is unencumbered except for encumbrances of record. Trustor covenants that Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

UNIFORM COVENANTS

Trustor covenants and agrees as follows:

1. Funds for Taxes and Insurance. To protect the security of this Deed of Trust, Trustor agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting the Property, including but not limited to assessments on appurtenant water stock, when due, and all encumbrances, charges and liens, with interest, on the Property or any part thereof.

2. Prior Mortgagees and Deeds of Trust; Charges, Liens. Trustor shall perform all of Trustor's obligations under any mortgage, deed of trust, CC&Rs or other lien or encumbrance on the Property. Trustor shall pay or cause to be paid all taxes, assessments and other charges, rents, fines and impositions attributable to the Property.

3. Hazard Insurance. Trustor shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the terms extended coverage, and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and in a form acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien, which has priority over this Deed of Trust.

In the event of loss, Trustor shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor.

If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and

apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

4. Preservation and Maintenance of Property. Trustor shall maintain the housing in compliance with the Housing Quality Standards designated by Beneficiary from time to time and the County Housing Code for the duration of occupancy. Trustor will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. If this Deed of Trust is on a unit in a condominium or planned unit development, Trustor shall perform all of Trustor's obligations under the declaration of covenants, conditions and restrictions creating or governing the condominium or planned unit development, the bylaws and regulations of the condominium or planned unit development, and constituent documents.

5. Protection of Beneficiary Security. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Trustor, may make such appearances, disburse such sums including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by Beneficiary pursuant to this paragraph, with interest thereon, at the default rate of five percent (5%), will become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Trustor requesting payment thereof. Nothing contained in this paragraph will require Beneficiary to incur any expense or take any action hereunder.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give Trustor notice prior to any such inspection, specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award of claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

8. Trustor Not Released: Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors-in-interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound, Joint and Several Liability; Co-Signers. The covenants and agreements herein contained shall bind the respective successors and assigns of Beneficiary and Trustor. All covenants and agreements of Trustor shall be joint and several.

10. Notice. Except for any notice required under applicable law to be given in another manner:

(a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, return receipt requested, addressed to Trustor at the Property address or such other address as Trustor may designate by notice to Beneficiary as provided herein; and,

(b) any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary's address as set forth below or to such other address as Beneficiary may designate by notice to Trustor as provided herein.

To Beneficiary: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Executive Director

With a copy to: Housing Authority of the County of Los Angeles
Two Coral Circle
Monterey Park, California 91755-7425
Attn: Director of Housing Development and Preservation

Any Notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law, Severability. The state of California and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision and, to this end, the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Trustor's Copy. Trustor shall be furnished a conformed copy of the Note and this Deed of Trust at the time of execution or after recordation hereof.

13. Right of First Refusal (ROFR). In the event Trustor should choose to sell or transfer the Property, the Beneficiary shall, in any and all circumstances, retain the Right of First Refusal ("ROFR") as provided in Section 4 of the Note.

14. Acceleration and Appreciation Share Due on Transfer or Other Event. On the Due Date (as defined in the Note) and in accordance with the tables set forth in Section 3 of the Note, Trustor shall pay to Beneficiary the outstanding principal amount of the Note, plus the percentage of the Net Appreciation (as that term is defined in the Note). As more particularly described in the Note, the Due Date occurs on the earliest of the following: (i) the date of the first sale, transfer or encumbrance of the Property; (ii) the refinancing of the first lien on the Property for a loan amount in excess of the then current loan balance secured by the first lien; (iii) the close of a probate estate following the death of Trustor (unless Trustor is more than one person and one or more of the other people comprising Trustor survives); and (iv) the date on which Beneficiary accelerates all sums due under the Note as a result of a default by Trustor.

15. Acceleration, Remedies. Upon Trustor's default of any covenants or agreements of Trustor in this Deed of Trust, including the covenants to pay when due any sums due under the Note and secured by this Deed of Trust, Beneficiary, prior to acceleration, shall give notice to Trustor as provided in Section 10 (the "Notice") hereof specifying:

(a) the default;

(b) the action required to cure such default;

(c) a date, not less than ten (10) days from the date the Notice is mailed to Trustor, by which such breach must be cured (provided that with respect to any default described in items (B), (D) and (E), Trustor shall be given thirty (30) days from the date the Notice is mailed to Trustor to cure such default; provided further, however, if any such default requires more than thirty (30) days to cure, Trustor shall be given such longer period if, immediately after Trustor's receipt of the Notice, Trustor commences to promptly cure such default and thereafter diligently pursues such cure to completion) in any event within 120 days from the date of the Notice); and

(d) that failure to cure such breach on or before the date specified in the Notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The Notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Trustor to acceleration and sale.

If the default is not cured on or before the time specified in the Notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale by the Trustor, foreclosure and/or any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 15, including but not limited to, reasonable attorneys' fees.

16. Defaults.

Each of the following shall be a "default" under this Deed of Trust:

(a) Trustor's failure or delay to make any timely payment of principal or interest when due under the Note, or satisfy any other monetary obligation under the Note, the Loan Reservation Agreement or this Deed of Trust (collectively, the "Loan Documents");

(b) Trustor's failure or delay in performing any other term or provision of the Note;

(c) Trustor's sale, transfer or encumbrance of the Property, except in full accordance with the Note and this Deed of Trust;

(d) Trustor's failure or delay in performing any term or provision (not otherwise described in (a) through (c) above) of the Loan Documents;

(e) Trustor's default under its obligations to the holder of the First Deed of Trust recorded against the Property;

(f) Trustor becomes insolvent or the subject of any bankruptcy or other voluntary or involuntary proceeding for the adjustment of debtor-creditor relationships, and in the case of any involuntary proceeding, such proceeding is not dismissed within ninety (90) days; and

(g) Trustor intentionally or fraudulently misrepresented income information submitted to Beneficiary under the Loan Documents, or any application and supporting information provided to Beneficiary in connection therewith.

17. Trustor's Right to Reinstate. Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Trustor's default, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before the sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

(a) Trustor pays Beneficiary all sums which would then be due under this Deed of Trust and the Note had no acceleration occurred;

(b) Trustor cures all breaches of any other covenants or agreements of Trustor contained in this Deed of Trust; and/or the Note;

(c) Trustor pays all reasonable expenses incurred by Beneficiary and Trustor in enforcing the covenants and agreements of Trustor contained in this Deed of Trust and in enforcing remedies as provided in paragraph 15 hereof, including, but not limited to, reasonable attorneys' fees; and

(d) Trustor takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's interest in the Property and Trustor's

Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Trustor, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred. The parties hereby acknowledge that no cure or reinstatement opportunity shall apply in the event of a sale, transfer or encumbrance of the Property not in conformity with the requirements of the Note and this Deed of Trust, unless the sale, transfer or encumbrance is canceled by mutual agreement of the parties thereto within 15 days of Beneficiary's obtaining knowledge thereof.

18. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession; Power of Sale. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents and income of the Property, provided that Trustor shall, prior to acceleration under paragraph 15 hereof or abandonment of the Property, have the right to collect and retain such rents and income as they become due and payable.

Upon acceleration under paragraph 15 hereof or abandonment of the Property, Beneficiary, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents and income of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection or rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents and income actually received.

Following acceleration under paragraph 15 hereof, and after the giving of such notices and the lapse of such time as may then be required by law following the recordation of a notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest; second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

19. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustor to reconvey the Property and will surrender this Deed of Trust and the Note evidencing indebtedness secured by this Deed of Trust to Trustor. Trustor shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

20. Subordination. Beneficiary and Trustor acknowledge and agree that this Deed of Trust is subject and subordinate in all respects to the liens, terms, covenants and conditions of the first deed of trust recorded against the Property (the "First Deed of Trust") and to all advances heretofore made or which may hereafter be made pursuant to the First Deed of Trust including all sums advanced for the purpose of protecting or further securing the lien of the First Deed of Trust, curing defaults by Trustor under the First Deed of Trust or for any other purpose expressly permitted by the First Deed of Trust. The terms and provisions of the First Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Deed of Trust, or upon assignment of the First Deed of Trust to HUD, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to lower income households or otherwise restricting the Trustor's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than Trustor or a related entity of Trustor), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Deed of Trust shall receive title to the Property free and clear from such restrictions.

Further, if the holder of the First Deed of Trust acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the senior lien holder's acquisition of title.

In connection with the subordination provided in this Section 20, Beneficiary specifically finds and determines that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

21. Substitute Trustee. Beneficiary, at Beneficiary's option, may from time to time appoint a successor Trustee to any Trustee appointment hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original lender, Trustor and Trustee, the book and page where this instrument is recorded, and the name and address of the successor Trustee. The successor Trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon Trustee herein and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

22. Request for Notices. Trustor requests that copies of the notice of sale be sent to Trustor's address which is the Property address.

23. Statement of Obligation. Beneficiary may charge a fee not to exceed Sixty Dollars (\$60.00) for furnishing the statement of obligation as provided by Section 2943 of the Civil Code of California.

24. Warranties of Trustor. Trustor represents, warrants and covenants to Beneficiary as follows:

(a) That Trustor's annual household gross income does not exceed one hundred percent (100%) of the Area Median Income (as defined below), on the later of:

(1) the date Trustor's initial occupancy of the Property; or

(2) the date of the recordation of this Deed of Trust.

(b) That for so long as Trustor owns the Property (or 45 years from the date hereof, whichever period is shorter), Trustor will reside in the Property as Trustor's principal place of residence.

"Area Median Income" shall mean the median income for the Los Angeles/Long Beach area, adjusted for household size, and as defined and periodically adjusted by the United States Department of Housing and Urban Development (HUD), or any successor entity designated under state law as responsible for establishing such area median income.

25. Nondiscrimination. Trustor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, , tenure, or enjoyment of the Property, nor shall Trustor itself or any person claiming under or through Trustor, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

26. Foreclosure by Holder of Senior Deed of Trust. This Deed of Trust is subordinate to any first deed of trust or mortgage on the Property made by or held by an institutional lender or investor. Any party, and its successors and assigns, receiving title to the Property through a Trustor's sale, a judicial foreclosure sale or deed in lieu of foreclosure of such deed of trust or mortgage, and any conveyance, including assignment of the First Deed of Trust to HUD, or transfer thereafter, shall receive title free and clear of the provisions of this Deed of Trust and the Restrictions.

Note: The restrictions imposed by this Deed of Trust must terminate upon acceptance of a Deed in Lieu of foreclosure or foreclosure of the first mortgage, and may not reattach to the Property upon resale of the Property.

Date: _____

REQUEST FOR NOTICE OF DEFAULT AND FORECLOSURE
UNDER SUPERIOR MORTGAGES OR DEEDS OF TRUST

Beneficiary requests that copies of any notice of default and any notice of sale under any deed of trust or mortgage which has priority over this Deed of Trust from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address as set forth on page 1 of this Deed of Trust, as provided by Section 2924(b) of the Civil Code of California.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust.

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On _____ before me, _____,
Notary Public, personally appeared _____ personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)
on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal.

Signature

EXHIBIT "O"

ENVIRONMENTAL SPECIAL CONDITIONS

ATTACHMENT B

ENVIRONMENTAL SPECIAL CONDITIONS

Title: 600 Basetdale Ave., La Puente, CA 91746
Project No. Industry Funds #YY1150
Historic Preservation: Not Eligible for Listing
Flood Zone: "C"
Date: November 5, 2003
Reviewed By: Brian Talbot

The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures:

1. **Conformance with Plans and Zoning.** Zone change approval, or other appropriate administrative approval, to allow for higher density residential development on the site shall be obtained prior to issuance of a building permit.
2. **Historic, Cultural, and Archaeological Resources.** Archaeological resources are not known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until a qualified archaeologist has evaluated the nature and significance of the find. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that further disturbance shall not occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the County Coroner will have 24 hours to notify the Native American Heritage Commission.
3. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
4. **Water Supply.** Because of ongoing concerns about regional water supplies, the facility shall be fitted with water conserving features, including, but not limited to, low flow faucets and toilets. Any proposed landscaped areas shall be designed with drought tolerant species. Planter beds shall be heavily mulched in accordance with water-conserving landscape design practice. Irrigation of planting beds shall be accomplished with drip systems.
5. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.

EXHIBIT "P" TO LOAN AGREEMENT

HACOLA REQUIREMENTS

The Borrower agrees to comply with the following HACOLA requirements:

1. Termination for Improper Consideration

HACOLA may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any HACOLA officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, HACOLA shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a HACOLA officer or employee to solicit such improper consideration. The report shall be made either to HACOLA's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of HACOLA.

3. HACOLA's Quality Assurance Plan

HACOLA will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which HACOLA determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by HACOLA and Borrower. If improvement does not occur consistent with the corrective measure, HACOLA may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to HACOLA's Child Support Compliance Program

Borrower acknowledges that HACOLA has established a goal of ensuring that all individuals who benefit financially from HACOLA through contract, are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles.

As required by HACOLA's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or CSSD Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With HACOLA's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to HACOLA's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to HACOLA under any other provision of this Agreement, failure Borrower to cure such default within 90 calendar days of written notice shall be grounds upon which HACOLA may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to HACOLA policy.

6. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between HACOLA and the Borrower.

7. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

8. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

9. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

10. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

11. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

12. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex national origin, ancestry, age, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard

to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by HACOLA and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as HACOLA may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by HACOLA, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

13. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

14. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project to reduce the amount of solid waste deposited at the County landfills.

15. Borrower Responsibility and Debarment

A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of HACOLA to conduct business only with responsible Borrowers.

B. The Borrower is hereby notified that if HACOLA acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, HACOLA may, in addition to other remedies provided in the contract, debar the Borrower from bidding on HACOLA contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with HACOLA.

C. HACOLA may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or HACOLA, (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

D. If there is evidence that the Borrower may be subject to debarment, HACOLA will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.

- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. A record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- G. These terms shall also apply to subcontractors of HACOLA Borrowers.

16. Consideration of GAIN/GROW Participants for Employment

Should Borrower require additional or replacement personnel after the effective date of this Agreement, Borrower shall give consideration for any such employment openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet Borrower's minimum qualifications for the open position. The Borrower shall contact the County's GAIN/GROW Division at (626) 927-5354 for a list of GAIN/GROW participants by job category.

17. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

18. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

19. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in

Exhibit ____ (title) of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

20. Borrower's Acknowledgment of HACOLA's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that HACOLA places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is HACOLA's policy to encourage all HACOLA Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.